

An aerial photograph of a modern glass skyscraper in a city skyline. The building is the central focus, with other skyscrapers and a parking lot visible in the background. The sky is clear and blue. A semi-transparent yellow and white banner is overlaid across the middle of the image, containing the main text.

THE BEST OF THE BEST

National Real Estate Investor presents its annual rankings of the leading commercial real estate companies.

353 North Clark in Chicago, Ill.



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Deal making has always been what makes the commercial real estate industry go round, but the volume of mergers and acquisitions over the past 12 months has an unprecedented fever-pitch quality to it.

Thanks to competitively priced debt financing and high demand for assets, property sales reached a record \$355 billion in 2006, according to Real Capital Analytics, which tracks transactions \$5 million and higher. Through May of this year, a whopping \$241 billion worth of assets had traded hands.

The deal of all deals — Blackstone Group's leveraged buyout of Equity Office Properties (EOP) for \$39 billion — added an exclamation point to the privatization wave sweeping over the industry. That deal closed earlier this year.

Not only had giant EOP become the

largest real estate investment trust by market cap since going public in July 1997, it also was the first REIT to be included in the S&P 500 four years later. But that's now a distant memory.

As huge portfolios continue to be ushered off the public stage only to be liquidated piecemeal, determining who owns what has become increasingly complex. Firms like The Blackstone Group are mum on their real estate holdings. Conservative estimates peg the liquidation value of its global real estate holdings at roughly \$46 billion.

In this special section, NREI ranks the largest companies in the industry across several property sectors and disciplines. All totals are as of Dec. 31, 2006.

Only the top 25 companies in each category appear in print. A complete listing of the totals will appear online. The

ranking of top shopping center owners was originally published in NREI's sister publication, Retail Traffic. The apartment ranking was tabulated by the National Multi Housing Council and first printed in NREI in April.

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Brokerage M&A Wave: Does 1+1=3?

Commercial brokerage firms are consolidating while adding geographic and financial reach.

Who would have guessed even a year ago that Cushman & Wakefield would buy Sonnenblick-Goldman? After all, C&W is known as a leading brokerage firm, while Sonnenblick-Goldman is a major real estate investment bank, completing some \$7.5 billion in capital transactions in 2006.

But the May announcement by the two New York-based firms is just the latest in a string of consolidation moves among the brokerage industry's major players. In fact, the three top firms on NREI's annual top brokerage survey have made significant mergers and acquisitions in the past 12 months, and the trend seems likely to run unabated.

The largest deals occurred in December 2006, when CB Richard Ellis bought Dallas-based Trammell Crow Co., and more recently in May, when the relatively unknown NNN Realty Advisors, based in Santa Ana, Calif., acquired Grubb & Ellis Co. in Chicago.

"There is continued consolidation among the major players across the globe really," observes Frank Liantonio, executive vice president and a 26-year veteran of New York-based Cushman & Wakefield. The private company ranked No. 3 on NREI's Top Brokerage survey with the total value of investment sales and leasing transactions in 2006 reaching \$85.7 billion. "There clearly is a move on the part of all of the organizations to diversify both geographically and across service lines and create scenarios where one and one equal three or four."

Flexing financial muscle

The leading brokerage firms are finding new ways to service client needs on both sides of every transaction, particularly in the financial services area. "Ten years ago, financing a transaction that you are selling might have been perceived as a conflict," says Liantonio. "Today the markets are so driven by capital that

being able to finance a purchaser merely facilitates a transaction getting done at the optimal price."

While Liantonio says that C&W's debt and equity finance capabilities had not been properly integrated into the firm's investment sales platform, the plan has changed. "We will expand the capability of Sonnenblick-Goldman into key markets around the United States in support of our investment sales activity."

C&W also wants the ability to issue debt throughout the entire capital stack, as well as traditional 65% loan-to-value, mezzanine and preferred equity financing. "We want to provide as many services across the capital spectrum as we can in support of our clients' needs," says Liantonio.

Growing globally

Wall Street analysts are tracking the movements of the largest publicly traded firms, and approve of managements' global growth strategy. "We believe CBG and JLL can increase operating earnings 35% to 40% in 2007, as both leverage their global capacity in an increasingly international real estate market and can earn sizable fees from their rapidly growing investment management business," wrote David Boardman, a senior analyst with Wachovia, in a midyear research report on the commercial real estate services sector.

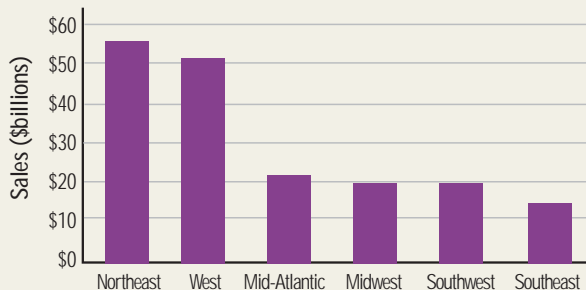
As for Grubb & Ellis, reviews are mixed, pending the outcome of the NNN merger and better financial guidance on growth prospects.

For their part, publicly anyway, Cushman & Wakefield executives are happy being private. "We're not dealing

OFFICE BUYERS BUSY ON THE COASTS *

(APRIL 2006-MARCH 2007)

A high volume of office building sales \$5 million and above has proven to be a windfall for brokerages, especially on the coasts.



*deals closed or under contract

Source: Real Capital Analytics

with quarter to quarter earnings pressures other than those that we impose on ourselves and we're not subject to the vagaries of the public markets," says Liantonio.

Still, there is a new and distinctly international air to the firm. In April, Italy's IFIL SpA, the Agnelli family's investment entity, purchased a 71.5% majority ownership in C&W for \$625 million, promising to bring even more global reach to the firm.

"Clients want to have a firm that can handle a deal in New York, London and Tokyo and everywhere in between. It's important to be a global player today," says Liantonio. He predicts that within the next year, the firm will make targeted acquisitions regionally in the United States as well as in Europe and Asia.

Analysts expect increased leasing activity to offset any future declines in investment sales. According to New York-based research firm Reis, 46 out of 79 markets recorded declining vacancy rates in the first quarter of 2007, up from 40 out of 79 in fourth-quarter 2006.

Many pundits, including Liantonio, see no end in sight for the red-hot investment sales market. "As long as there is an arbitrage between the public and private markets, it should take us through the balance of the year."

— Ben Johnson

TOP 25 BROKERAGES

The Top 25 Brokerages listing is based on responses to NREI's Top Brokerage survey, which was originally published in April. Brokers were asked to provide the total dollar value of leasing transactions and investment sales globally during 2006. The totals were combined to determine the company's ranking. Totals for Jones Lang LaSalle and Cushman & Wakefield were adjusted after the April edition based on updated figures from all reporting offices.

1. CB Richard Ellis

Total amount of investment sales and leasing transactions: \$224.6 billion
100 N. Sepulveda Blvd., Suite 1050
El Segundo, CA 90245
Email: investorrelations@cbre.com
Web site: www.cbre.com
Officers: Brett White, President/CEO;
Ken Kay, CFO; Cal Frese, President,
Americas

2. Jones Lang LaSalle

Total amount of investment sales and leasing transactions: \$139.1 billion
200 E. Randolph
Chicago, IL 60601
Phone: (312) 782-5800
Email: paige.steers@am.jll.com
Web site: www.joneslanglasalle.com
Officers: Colin Dyer, President/CEO;
Lauralee Martin, COO/CFO; Peter
Roberts, CEO, Americas

3. Cushman & Wakefield

Total amount of investment sales and leasing transactions: \$85.7 billion
51 W. 52nd St.
New York, NY 10019
Phone: (212) 841-7500
Email: terence.spillane@cushwake.com
Web site: www.cushwake.com
Officers: Bruce Mosler, President/CEO;
John Santora, COO; John Cushman,
Chairman of the Board

4. Colliers International

Total amount of investment sales and leasing transactions: \$59.1 billion
50 Milk St.
Boston, MA 02109
Phone: (617) 722-0221
Email: kgalvin@colliers.com
Web site: www.colliers.com
Officers: Margaret Wigglesworth,
President/CEO; David Kahnweiler,
Chairman; Margaret Kemp Carlson,
COO

5. NAI Global

Total amount of investment sales and leasing transactions: \$42 billion
4 Independence Way
Princeton, NJ 08540
Phone: (609) 945-4000
Email: clombardo@naiglobal.com
Web site: www.naiglobal.com
Officers: Jeffrey Finn, President/CEO;
Gerald Finn, Founder/Chairman;
Richard Kimball, EVP, U.S. Brokerage
Operations

6. Newmark Knight Frank

Total amount of investment sales and leasing transactions: \$37.3 billion
125 Park Ave.
New York, NY 10017
Phone: (212) 372-2000
Email: inquiries@newmarkkf.com
Web site: www.newmarkkf.com
Officers: Barry M. Gosin, CEO; James
D. Kuhn, President; Jeffrey R. Gural,
Chairman

7. ONCOR International

Total amount of investment sales and leasing transactions: \$31.4 billion
1 Campus Dr.
Parsippany, NJ 07054
Phone: (973) 407-6363
Email: kristina.avallone@realogy.com
Web site: www.oncorintl.com
Officers: David Matthes, President/CEO

8. The CORE Network

Total amount of investment sales and leasing transactions: \$27.9 billion
15150 Preston Rd., #300
Dallas, TX 75248
Phone: (972) 980-3994
Email: info@corenetwork.org
Web site: www.corenetwork.org
Officers: F. Keene Miller, Chairman of the
Board; Frank Buckley, Vice Chairman;
Edward A. Cross II, Chairman Emeritus

9. GVA Worldwide

Total amount of investment sales and leasing transactions: \$26.5 billion
1569 Sherman Ave., Suite 201C
Evanston, IL 60201
Phone: (847) 733-0883
Email: info@gvaworldwide.com
Web site: www.gvaworldwide.com
Officers: Michael Corbett, President/
CEO; Michael T. Cohen, Chairman; Betsy
Baer, Executive Director

10. The Staubach Co.

Total amount of investment sales and leasing transactions: \$26 billion
15601 Dallas Pky., Suite 400
Addison, TX 75001
Phone: (972) 361-5000
Web site: www.staubach.com
Officers: Roger Staubach, Chairman/
CEO; Elysia Ragusa, President/COO; Bill
Leiser, CFO

11. Studley Inc.

Total amount of investment sales and leasing transactions: \$25.4 billion
300 Park Ave., 3rd Floor
New York, NY 10022
Phone: (212) 326-1000
Web site: www.studley.com
Officers: Mitchell S. Steir, Chairman/
CEO; Michael D. Colacino, President;
Stephen B. Goldstein, Vice Chairman,
U.S. Operations

12. Grubb & Ellis Co.

Total amount of investment sales and leasing transactions: \$25.3 billion
500 W. Monroe St., Suite 2800
Chicago, IL 60661
Phone: (312) 698-6700
Email: corporatecommunications
@grubb-ellis.com
Web site: www.grubb-ellis.com
Officers: Mark Rose, CEO; Maureen
Ehrenberg, President, Global Client
Services; Robert Osbrink, President,

Transaction Services

13. TCN Worldwide

Total amount of investment sales and leasing transactions: \$20.8 billion
2419 Coit Rd., Suite A
Plano, TX 75075
Phone: (972) 769-8701
Email: info@tcnworldwide.com
Website: www.tcnworldwide.com
Officers: Ross Ford, President/CEO; Neil Siderow, Chairman; David Wagner, Vice Chairman

14. Marcus & Millichap Real Estate Investment Services

Total amount of investment sales and leasing transactions: \$20.5 billion
First Financial Plaza
16830 Ventura Blvd., Suite 352
Encino, CA 91436
Phone: (818) 907-0600
Email: scorso@marcusmillichap.com
Web site: www.MarcusMillichap.com
Officers: George M. Marcus, Chairman; William A. Millichap, Co-Chairman; Harvey E. Green, President/CEO

15. Coldwell Banker Commercial Affiliates Inc.

Total amount of investment sales and leasing transactions: \$15.3 billion
One Campus Dr.
Parsippany, NJ 07054
Phone: (800) 222-2162
Email: commercial@coldwellbanker.com
Web site: www.
ColdwellBankerCommercial.com
Officers: Rick Davidson, President/COO; Fred Schmidt, SVP, Business Development; Paul VanDevender, VP, Strategic Development

16. Sperry Van Ness

Total amount of investment sales and leasing transactions: \$10.9 billion
18881 Von Karman Ave., 8th Floor
Irvine, CA 29612
Phone: (949) 250-4100
Email: info@svn.com
Web site: www.svn.com
Officers: Mark Van Ness, Co-Founder; Rand Sperry, Co-Founder; Jerry Anderson, President, National Advisor Organization

17. Holliday Fenoglio Fowler (HFF Inc.)

Total amount of investment sales and leasing transactions: \$10 billion
2000 Post Oak Blvd., Suite 2000
Houston, TX 77056
Phone: (713) 852-3500
Email: mmoren@hfflp.com
Web site: www.hfflp.com
Officers: John H. Pelusi Jr., Director and CEO; Gregory R. Conley, CFO; Nancy Goodson, COO; Mark Gibson, founding partner and currently Director of HFF; Joe B. Thornton Jr., Director of HFF

18. Apartment Realty Advisors

Total amount of investment sales and leasing transactions: \$8.4 billion
1575 Northside Dr., Building 100, Suite 150
Atlanta, GA 30318
Phone: (404) 495-7300
Email: lrobinson@arausa.com
Web site: www.ARAusa.com
Officers: Derrick Bloom, Chairman; Richard Robinson, President; Lisa Robinson, COO

19. Transwestern

Total amount of investment sales and leasing transactions: \$7.7 billion
1900 W. Loop South, Suite 1300
Houston, TX 77027
Phone: (713) 270-7700
Email: mediarelations@transwestern.net
Web site: www.transwestern.net
Officers: Robert Duncan, Chairman; Larry Heard, President/CEO; Mark Doran, COO

20. Century 21 Real Estate LLC

Total amount of investment sales and leasing transactions: \$4.9 billion
1 Campus Dr.
Parsippany, NJ 07054
Phone: (877) 221-2765
Email: specialtymarkets@century21.com
Web site: www.century21.com
Officers: Tom Kunz, President/CEO; Bev Thorne, SVP, Marketing; Ken Toumey, VP, Brand Management

21. Voit Commercial Brokerage

Total amount of investment sales and leasing transactions: \$3.2 billion
21700 Oxnard St., Suite 350
Woodland Hills, CA 91367

Phone: (714) 978-7880
Email: info@voitco.com
Web site: www.voitco.com
Officers: Robert D. Voit, President, The Voit Cos.; David Allison, EVP/COO, The Voit Cos.; John M. Owen III, SVP/Managing Partner, Voit Commercial Brokerage's Anaheim Metro & Las Vegas offices

22. Molinaro Koger Inc.

Total amount of investment sales and leasing transactions: \$3.1 billion
1676 International Dr., Suite 575
McLean, VA 22102
Phone: (703) 760-9600
Email: sales@mkhotels.com
Web site: www.mkhotels.com
Officers: Robert T. Koger, President

23. PM Realty Group

Total amount of investment sales and leasing transactions: \$2.75 billion
1000 Main St., Suite 2400
Houston, TX 77002
Phone: (713) 209-5800
Email: jgunn@pmrg.com
Web site: www.pmrg.com
Officers: Rick Kirk, CEO; Jimmy Gunn, President, Property Services; Roger Gregory, CFO

24. Massey Knakal Realty Services

Total amount of investment sales and leasing transactions: \$2.1 billion
275 Madison Ave., 3rd Floor
New York, NY 10016
Phone: (212) 696-2500
Web site: www.masseyknakal.com
Officers: Robert Knakal, Chairman/Founding Partner; Paul Massey, Jr., Founding Partner; John Ciraulo, CEO

25. Mid-America Real Estate Group

Total amount of investment sales and leasing transactions: \$1.65 billion
One Parkview Plaza, 9th Floor
Oakbrook Terrace, IL 60181
Phone: (630) 954-7330
Web site: www.midamericagr.com
Officers: Michael D. George, President; Stanley Nitzberg, Principal; Rick Drogosz, Principal

Office Investment Risks Mount

Weaker absorption, spotty rent growth, plus new supply combine for a tougher acquisition climate.

Office landlords can't help but smile. The national vacancy rate has declined for 11 straight quarters, registering 13.1% at the end of March. Manhattan-based real estate research firm Reis also reports that average asking rents have been trending upwards, rising from \$25.06 to \$26.70 per sq. ft. over the 12-month period ending in March.

The healthy state of the market is a stark contrast from the 18.3% vacancy rate recorded in June 2003, when the office sector bottomed out. But after a long successful run, Reis chief economist Dr. Sam Chandan believes that office market momentum is starting to weaken.

"There are definitely some warning signs for office fundamentals," says Chandan. "Slower job growth in particular is already translating into weaker net absorption, and the big rent gains are concentrated in just a few markets," he says. Monthly job growth in the U.S. averaged 129,000 during the first four months of this year, down from an average of 189,000 during the same period in 2006.

Power players

Economic growth weakened during the first quarter. Gross domestic product (GDP) registered just 0.6% for the quarter, which was below Wall Street estimates. Full-year GDP for 2006 was 3.3%, edging up from 3.2% in 2005. Economists expect the economy to grow 2.6% in 2007.

Chandan says that large cities such as New York and San Francisco are hubs for job creation. And that growth is buoying their already-tight office markets. Average effective office rents in New York jumped by 6.5% during the first quarter on the heels of an 18.3% increase last year. In San Francisco, average effective rents popped by 8.9% during the first quarter.

Expect that growth to linger, too. Chandan projects that average annual rent growth over the next four years will

hit 7.3% and 7.0% respectively in both office markets. By comparison, average rental growth for the 64 largest metro markets should only hit 5% during that period. "If you exclude these two metros from the calculation, the national effective rent increase in the first quarter falls from 2.8% to 1.9%," adds the economist.

Chandan expects the latter half of 2007 to bring more economic weakness. The upshot for office investors is that effective rent gains will likely slow down over the next few years (see chart).

Despite signs of weakening fundamentals, hordes of deep-pocketed private equity funds and institutional investors are on the prowl for single-asset and portfolio deals. In late May, Morgan Stanley gobbled up office REIT Crescent Real Estate Equities for \$6.5 billion. That deal pales in comparison to the Blackstone Group's record purchase of Equity Office Properties Trust earlier this year for \$36 billion, including assumed debt.

Single-asset deals also are fetching record prices. In March, 666 Fifth Avenue in Manhattan fetched \$1.8 billion, or \$1,200 per sq. ft. The buyer of that tower, private real estate firm Kushner Cos., generated a 3.5% cap rate on that deal.

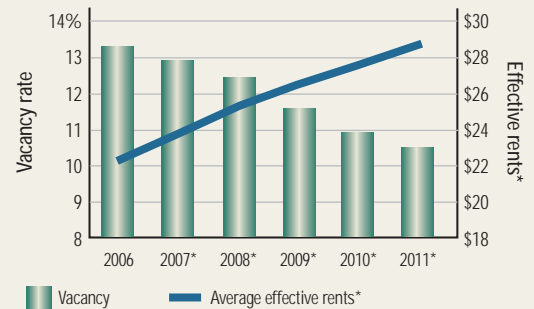
Edge cities

Demand for trophy assets in major cities remains strong, but suburban markets will offer the best earnings growth going forward, says Mitchell Hersh, CEO of Mack-Cali Realty Corp. Mack-Cali ranked 10th in NREI's latest ranking of the largest office owners with a 33.9 million sq. ft. portfolio as of Dec. 31, 2006.

"The suburban markets have really lagged behind the urban centers in recent years," says Hersh, who owns and oper-

MODEST RENT GROWTH ON THE HORIZON

Despite concerns about slackening demand for office space in the near term, effective rents are expected to grow incrementally over the next few years as vacancy dips.



* projected
Average effective rents in the 64 largest office markets

Source: Reis

ates New Jersey's largest office portfolio of largely suburban office space. The company recently spent \$273 million to buy lower Manhattan office building 125 Broad Street.

"Occupancy costs are lower in the suburban markets, and more companies are tapping the labor force that's increasingly moving into these areas," says Hersh. The average asking rent for suburban office space nationally was \$27.41 per sq. ft. during the first quarter compared with \$44.82 per sq. ft. in the central business district, reports Grubb & Ellis.

Mack-Cali has seized on corporate demand for suburban office space. In 2006, Mack-Cali spent \$545 million to buy a 2.8 million sq. ft. office portfolio in New Jersey. Most of the properties that were owned by Gale Real Estate Services are low-rise suburban office buildings.

Selecting the right suburban market is critical because speculative office construction is running rampant. Approximately 75 million sq. ft. of speculative suburban office space was under development at the end of March, six times the volume of speculative construction in the CBD, reports Grubb & Ellis. It was also the biggest pipeline of speculative suburban office supply since mid-year 2001.

— Parke M. Chapman

TOP 25 OFFICE OWNERS

The Top 25 Office Owners survey includes office space owned globally as of Dec. 31, 2006. Equity Office Properties is not on this list because the company went on the selling block at the end of 2006 and was acquired by the Blackstone Group in early 2007. Several pieces of what had been EOP's approximate 108 million sq. ft. portfolio are being sold off.

1. Brookfield Properties Corp.

Total Office Portfolio: 76 million sq. ft.
200 Vesey St.
New York, NY 10281
Phone: (212) 417-7000
Website: www.brookfieldproperties.com
Officers: Ric Clark, President/CEO; Bryan Davis, CFO; Dennis Friedrich, President/COO, U.S. Commercial Operations

2. Tishman Speyer

Total Office Portfolio: 53.9 million sq. ft.
45 Rockefeller Plaza
New York, NY 10111
Phone: (212) 715-0300
Fax: (212) 319-1745
Email: CVitucci@tishmanspeyer.com
Website: www.tishmanspeyer.com
Officers: Jerry I. Speyer, President/CEO; Robert J. Speyer, Senior Managing Director/Head of New York/Chair of Management Committee; Katherine G. Farley, Senior Managing Director, Emerging Markets & Global

3. LaSalle Investment Management

Total Office Portfolio: 49 million sq. ft.
200 E. Randolph Dr.
Chicago, IL 60601
Phone: (312) 782-5800
Fax: (312) 228-0254
Website: www.lasalle.com
Officers: Jeff Jacobson, Global CEO; Jack Chandler, CEO, Asia Pacific; Peter Schaff, CEO, North America

4. Hines

Total Office Portfolio: 46 million sq. ft.
2800 Post Oak Blvd.
Houston, TX 77056
Phone: (713) 621-8000
Fax: (713) 966-7886
Website: www.hines.com
Officers: Gerald D. Hines, Chairman; Jeffrey C. Hines, President; C. Hastings Johnson, EVP/CFO

5. TIAA-CREF

Total Office Portfolio: 44.2 million sq. ft.
730 Third Ave.
New York, NY 10017
Phone: (800) 842-2733
Website: www.tiaa-cref.org
Officers: Thomas Garbutt, Managing Director, Global Real Estate; Phillip McAndrews, Managing Director, Real Estate Portfolio Management; Margaret Brandwein, Managing Director, Real Estate Portfolio Management

6. Boston Properties

Total Office Portfolio: 43.4 million sq. ft.
111 Huntington Ave.
Boston, MA 02199
Phone: (617) 236-3300
Fax: (617) 236-3311
Website: www.bostonproperties.com
Officers: Mortimer Zuckerman, Chairman of the Board; Edward Linde, CEO; Douglas Linde, President

7. HRPT Properties Trust

Total Office Portfolio: 42 million sq. ft.
400 Centre St.
Newton, MA 02458
Phone: (617) 332-3990
Email: tbonang@hrpreit.com
Website: www.hrpreit.com
Officers: Adam D. Portnoy, Managing Director; John Mannix, President/COO; John Popeo, CFO

8. Wells Real Estate Funds

Total Office Portfolio: 39.3 million sq. ft.
6200 The Corners Pkwy.
Norcross, GA 30092
Phone: (800) 448-1010
Email: info@wellsref.com
Website: www.wellsref.com
Officers: Leo Wells, President; Doug Williams, SVP; Randy Fretz, Chief of Staff

9. CB Richard Ellis Investors LLC

Total Office Portfolio: 38.4 million sq. ft.
515 S. Flower St., 31st Floor
Los Angeles, CA 90071
Phone: (213) 683-4200
Fax: (213) 683-4301
Website: www.cbreinvestors.com
Officers: Vance Maddocks, CEO; William Harris, President/COO; Robert Zerbst, Chairman

10. Mack-Cali Realty Corp.

Total Office Portfolio: 33.9 million sq. ft.
343 Thornall St.
Edison, NJ 08837
Phone: (732) 590-1000
Fax: (732) 205-8237
Website: www.mack-cali.com
Officers: Mitchell E. Hersh, President/CEO; Barry Lefkowitz, EVP/CFO; Michael Grossman, EVP

11. RREEF

Total Office Portfolio: 33.7 million sq. ft.
280 Park Ave., 23W
New York, NY 10017
Phone: (212) 454-3900
Fax: (212) 454-6606
Website: www.rreef.com
Officers: Timothy K. Gonzalez, CEO, RREEF North America; Brian E. McAuliffe, Managing Director, Acquisitions; Peter F. Feinberg, Managing Director, Portfolio Management

12. Vornado Realty Trust

Total Office Portfolio: 32.7 million sq. ft.
888 Seventh Ave.
New York, NY 10019
Phone: (212) 894-7000
Fax: (212) 894-7070
Email: information@vno.com
Website: www.vno.com
Officers: Steven Roth, Chairman/CEO; Michael Fascitelli, President/Trustee; Joseph Macnow, EVP, Finance & Administration/CFO

13. ING Clarion

Total Office Portfolio: 32.3 million sq. ft.
230 Park Ave., 12th Floor
New York, NY 10169
Phone: (212) 883-2500
Fax: (212) 833-2700
Email: clientservices@ingclarion.com
Website: www.ingclarion.com
Officers: Stephen J. Furnary, Chairman/
CEO; Jeffrey A. Barclay, Managing
Director/Head of Acquisitions; C.
Stephen Cordes, Managing Director/
Head of Portfolio Management

14. Brandywine Realty Trust

Total Office Portfolio: 28.2 million sq. ft.
555 E. Lancaster Ave., Suite 100
Radnor, PA 19087
Phone: (866) 426-5400
Fax: (610) 325-5622
Website: www.brandywinerealty.com
Officers: Jerry Sweeney, CEO/President;
Brad Molotsky, SVP/General Counsel/
Secretary; Howard Sipzner, CFO

15. Hillwood

Total Office Portfolio: 24.8 million sq. ft.
5430 LBJ Freeway, Eighth Floor
Dallas, TX 75240
Phone: (972) 201-2800
Fax: (972) 201-2829
Email: dave.pelletier@hillwood.com
Website: www.hillwood.com
Officers: Ross Perot Jr., Chairman; Mike
Berry, President, Hillwood Properties;
Todd Platt, CEO, Hillwood Investments

16. Lincoln Property Co.

Total Office Portfolio: 22.1 million sq. ft.
500 N. Akard, Suite 3300
Dallas, TX 75201
Phone: (214) 740-3300
Fax: (214) 740-3441
Email: leverett@lpc.com
Website: www.lincolnproperty.com
Officers: Mack Pogue, Chairman; Tim
Byrne, CEO/President, Residential
Division; Bill Duvall, CEO/President,
Commercial Division

17. Liberty Property Trust

Total Office Portfolio: 20.7 million sq. ft.
500 Chesterfield Pkwy.

Malvern, PA 19355
Phone: (610) 648-1700
Fax: (610) 644-4129
Email: info@libertyproperty.com
Website: www.libertyproperty.com
Officers: William P. Hankowsky, CEO;
George J. Alburger, CFO; Robert E.
Fenza, COO

18. Highwoods Properties

Total Office Portfolio: 19.2 million sq. ft.
3100 Smoketree Court, Suite 600
Raleigh, NC 27604
Phone: (919) 872-4924
Fax: (919) 873-0088
Email: HIW-IR@highwoods.com
Website: www.highwoods.com
Officers: Edward J. Fritsch, President/
CEO; Michael E. Harris, EVP/COO;
Terry L. Stevens, VP/CFO

19. SL Green Realty Corp.

Total Office Portfolio: 19 million sq. ft.
420 Lexington Ave., Suite 1800
New York, NY 10170
Phone: (212) 594-2700
Fax: (212) 216-1785
Email: heidi.gillette@slgreen.com
Website: www.slgreen.com
Officers: Marc Holliday, CEO; Andrew
Mathias, President/Chief Investment
Officer; Gregory Hughes, COO/CFO

20. Shorenstein Properties LLC

Total Office Portfolio: 16.2 million sq. ft.
555 California St., 49th Floor
San Francisco, CA 94104
Phone: (415) 772-7000
Fax: (415) 772-7177
Email: kmcgettigan@shorenstein.com
Website: www.shorenstein.com
Officers: Douglas W. Shorenstein,
Chairman/CEO; Glenn A. Shannon,
President; Richard A. Chicotel,
Managing Director/CFO

21. Inland Real Estate Group of Cos. Inc.

Total Office Portfolio: 15.2 million sq. ft.
2901 Butterfield
Oak Brook, IL 60523
Phone: (630) 218-8000
Fax: (630) 218-8039
Website: www.inlandgroup.com

Officers: Daniel L. Goodwin, Chairman;
Joe Cosenza, Vice Chairman

22. Arden Realty

Total Office Portfolio: 14.4 million sq. ft.
11601 Wilshire Blvd., Suite 400
Los Angeles, CA 90025
Phone: (310) 966-2699
Email: nikkiwetzels@ardenrealty.com
Website: www.ardenrealty.com
Officers: Joaquin de Monet, President/
CEO; Robert Peddicord, COO; Kevin
Early, CFO

23. Hartz Mountain Industries Inc.

Total Office Portfolio: 12.6 million sq. ft.
400 Plaza Dr.
Secaucus, NJ 7094
Phone: (201) 348-1200
Fax: (201) 348-4358
Website: www.hartzmountain.com
Officers: Emanuel Stern, President/COO;
Gus Milano, EVP, Finance & Leasing;
Irwin Horowitz, EVP, General Counsel

24. The Alter Group

Total Office Portfolio: 12.6 million sq. ft.
5500 W. Howard St.
Skokie, IL 60077
Phone: (847) 676-4300
Fax: (847) 676-4325
Email: tsilva@altergroup.com
Website: www.altergroup.com
Officers: Michael J. Alter, President;
Richard M. Gatto, EVP; Randolph F.
Thomas, EVP

25. AEW Capital Management LP

Total Office Portfolio: 12.05 million sq. ft.
World Trade Center East, Two Seaport
Lane
Boston, MA 2210
Phone: (617) 261-9000
Fax: (617) 261-9555
Email: aewcapitalmanagement@aew.com
Website: www.aew.com
Officers: Jeffrey D. Furber, Chief
Executive; Pamela J. Herbst, Principal/
Head of AEW Direct Investments;
Steven D. Corkin, Principal/Head of
AEW Client Service & Marketing

TOP 25 OFFICE DEVELOPERS

The Top 25 Office Developers survey is based on data provided by participating companies. Developers were asked to record their volume of global activity for the 2006 calendar year. Results include completed development and new construction as of Dec. 31, 2006. There were several ties in this survey, but the top 25 companies are listed.

1. Hines**Total Office Space Developed or Under****Construction:** 12.7 million sq. ft.

2800 Post Oak Blvd.

Houston, TX 77056

Phone: (713) 621-8000

Website: www.hines.com

Officers: Gerald D. Hines, Chairman;
Jeffrey C. Hines, President; C. Hastings
Johnson, EVP/CFO**2. Opus Group****Total Office Space Developed or Under****Construction:** 7.8 million sq. ft.

10350 Bren Road West

Minnetonka, MN 55343

Phone: (952) 656-4444

Website: www.opuscorp.com

Officers: Mark Rauenhorst,
President/CEO; Steve Polacek, Chief
Administration Officer/CFO; Andy
Deckas, SVP/Chief Investment Officer**3. Duke Realty Corp.****Total Office Space Developed or Under****Construction:** 5.3 million sq. ft.

600 E. 96th St., Suite 100

Indianapolis, IN 46240

Phone: (317) 808-6000

Email: webmaster@dukerealty.com

Website: www.dukerealty.com

Officers: Dennis D. Oklak, Chairman/
CEO; Robert M. Chapman, Sr. EVP/
Head of Real Estate Operations;
Matthew A. Cohoat, EVP/CFO**4. Trammell Crow Co.****Total Office Space Developed or Under****Construction:** 4.6 million sq. ft.

2001 Ross Ave., 34th Floor

Dallas, TX 75201

Phone: (214) 863-3300

Website: www.trammellcrow.com

Officers: Bob Sulentic, CEO; Jim Groch,
Chief Investment Officer; Chris Kirk,
COO**5. The Alter Group****Total Office Space Developed or Under****Construction:** 4.3 million sq. ft.

5500 W. Howard St.

Skokie, IL 60077

Phone: (847) 676-4300

Email: tsilva@altergroup.com

Website: www.altergroup.com

Officers: Michael J. Alter, President;
Richard M. Gatto, EVP; Randolph F.
Thomas, EVP**6. Liberty Property Trust****Total Office Space Developed or Under****Construction:** 3.3 million sq. ft.

500 Chesterfield Pkwy.

Malvern, PA 19355

Phone: (610) 648-1700

Email: info@libertyproperty.com

Website: www.libertyproperty.com

Officers: William P. Hankowsky, CEO;
George J. Alburger, CFO; Robert E.
Fenza, COO**7. Brookfield Properties Corp.****Total Office Space Developed or Under****Construction:** 2.8 million sq. ft.

200 Vesey St.

New York, NY 10281

Phone: (212) 417-7000

Website: www.brookfieldproperties.com

Officers: Ric Clark, President/CEO;
Bryan Davis, CFO; Dennis Friedrich,
President/COO, U.S. Commercial
Operations**8. ING Clarion****Total Office Space Developed or Under****Construction:** 2.5 million sq. ft.

230 Park Ave., 12th Floor

New York, NY 10169

Phone: (212) 883-2500

Fax: (212) 833-2700

Email: clientservices@ingclarion.com

Website: www.ingclarion.com

Officers: Stephen J. Furnary, Chairman/
CEO; Jeffrey A. Barclay, Managing
Director/Head of Acquisitions; C.Stephen Cordes, Managing Director/
Head of Portfolio Management**9. Panattoni Development Co. LLC****Total Office Space Developed or Under****Construction:** 2.45 million sq. ft.

8775 Folsom Blvd., Suite 200

Sacramento, CA 95826

Phone: (916) 381-1561

Website: www.panattoni.com

Officers: Carl Panattoni, Chairman;
Dudley Mitchell, CEO; Greg Thurman,
President**10. Koll Development Co.****Total Office Space Developed or Under****Construction:** 2.1 million sq. ft.

8115 Preston Rd., #700

Dallas, TX 75225

Phone: (214) 696-1700

Email: tfrazier@kolldevelopment.com

Website: www.kolldevelopment.com

Officers: Steve Van Amburgh, CEO;
Tobin Grove, President; Murray Newton,
EVP**11. EastGroup Properties****Total Office Space Developed or Under****Construction:** 2.06 million sq. ft.

188 E. Capitol St., Suite 300

Jackson, MS 39201

Phone: (601) 354-3555

Website: www.eastgroup.net

Officers: David H. Hoster II, President/
CEO; N. Keith McKey, EVP/CFO/
Secretary/Treasurer; Bruce Corkern,
SVP/Chief Accounting Officer/
Controller**12. Lincoln Property Co.****Total Office Space Developed or Under****Construction:** 2 million sq. ft.

500 N. Akard, Suite 3300

Dallas, TX 75201

Phone: (214) 740-3300

Email: leverett@lpc.com

Website: www.lincolnproperty.com

Officers: Mack Pogue, Chairman; Tim

Byrne, CEO/President, Residential Division; Bill Duvall, CEO/President, Commercial Division

13. Highwoods Properties

Total Office Space Developed or Under

Construction: 1.99 million sq. ft.
3100 Smoketree Court, Suite 600
Raleigh, NC 27604
Phone: (919) 872-4924
Email: HIW-IR@highwoods.com
Website: www.highwoods.com
Officers: Edward J. Fritsch, President/CEO; Michael E. Harris, EVP/COO; Terry L. Stevens, VP/CFO

14. Lauth

Total Office Space Developed or Under

Construction: 1.72 million sq. ft.
401 Pennsylvania Pkwy.
Indianapolis, IN 46280
Phone: (317) 848-6500
Email: info@lauth.net
Website: www.lauth.net
Officers: Robert L. Lauth, Chairman; Gregory C. Gurnik, CEO; Michael S. Curless, President

15. TIAA-CREF

Total Office Space Developed or Under

Construction: 1.7 million sq. ft.
730 Third Ave.
New York, NY 10017
Phone: (800) 842-2733
Website: www.tiaa-cref.org
Officers: Thomas Garbutt, Managing Director, Global Real Estate; Phillip McAndrews, Managing Director, Real Estate Portfolio Management; Margaret Brandwein, Managing Director, Real Estate Portfolio Management

16. Franklin Street Properties

Total Office Space Developed or Under

Construction: 1.55 million sq. ft.
401 Edgewater Place, Suite 200
Wakefield, MA 01880
Phone: (781) 557-1300
Website: www.franklinstreetproperties.com
Officers: George Carter, CEO; Barbara Fournier, COO; John Demeritt, CFO

17. Brandywine Realty Trust

Total Office Space Developed or Under

Construction: 1.4 million sq. ft.
555 E. Lancaster Ave., Suite 100
Radnor, PA 19087
Phone: (866) 426-5400
Email: amy.biemiller@bdnreit.com
Website: www.brandywinerealty.com
Officers: Jerry H. Sweeney, President/CEO; Brad A. Molotsky, SVP/General Counsel/Secretary; George D. Sowa, EVP/Sr. Managing Director

17. Golub & Co.

Total Office Space Developed or Under

Construction: 1.4 million sq. ft.
625 N. Michigan Ave.
Chicago, IL 60611
Phone: (312) 440-8800
Email: mnewman@goco.com
Website: www.golubandcompany.com
Officers: Michael Newman, President/CEO; Lee Golub, EVP; Michael Goldman, SVP, Acquisitions & Finance

17. Forest City

Total Office Space Developed or Under

Construction: 1.4 million sq. ft.
Terminal Tower, 50 Public Square, Suite 1100
Cleveland, OH 44113
Phone: (216) 621-6060
Website: www.forestcity.net
Officers: Charles Ratner, President/CEO; Samuel H. Miller, Co-Chairman of the Board/Treasurer; Albert B. Ratner, Co-Chairman of the Board

18. Binswanger

Total Office Space Developed or Under

Construction: 1.3 million sq. ft.
2 Logan Square
Philadelphia, PA 19103
Phone: (215) 448-6000
Website: www.binswanger.com
Officers: Frank G. Binswanger, Jr., Chairman; John K. Binswanger, Chairman; David R. Binswanger, President/CEO

18. USAA Real Estate Co.

Total Office Space Developed or Under

Construction: 1.3 million sq. ft.
9830 Colonnade Blvd., Suite 600

San Antonio, TX 78230

Phone: (800) 531-8182

Email: pat.duncan@usaa.com

Website: www.usaarealco.com

Officers: T. Patrick Duncan, President/CEO; Susan Wallace, Sr. Managing Director, Private Equity Group; James E. Loyd, Sr. Managing Director, Real Estate Investments

18. Kilroy Realty Corp.

Total Office Space Developed or Under

Construction: 1.3 million sq. ft.
12200 W. Olympic Blvd., #200
Los Angeles, CA 90064
Phone: (310) 481-8400
Website: www.kilroyrealty.com
Officers: John B. Kilroy Jr., President/CEO; Jeffrey C. Hawken, EVP/COO; Richard E. Moran Jr., EVP/CFO

19. Hillwood

Total Office Space Developed or Under

Construction: 1.1 million sq. ft.
5430 LBJ Freeway, Eighth Floor
Dallas, TX 75240
Phone: (972) 201-2800
Email: dave.pelletier@hillwood.com
Website: www.hillwood.com
Officers: Ross Perot Jr., Chairman; Mike Berry, President, Hillwood Properties; Todd Platt, CEO, Hillwood Investments

19. Cousins Properties

Total Office Space Developed or Under

Construction: 1.1 million sq. ft.
191 Peachtree St., Suite 3600
Atlanta, GA 30303
Phone: (404) 407-1000
Website: www.cousinsproperties.com
Officers: Thomas D. Bell, Jr., Chairman/CEO; Daniel M. DuPree, President/COO; James A. Fleming, EVP/CFO

20. Workstage

Total Office Space Developed or Under

Construction: 1 million sq. ft.
4700 60th St. SE
Grand Rapids, MI 49512
Phone: (888) 409-6713
Email: info@workstage.com
Website: www.workstage.com
Officers: Jack Cottrell, President/CEO; Donald Slaght, EVP; Kent Riddle, EVP

Supply-Side Jitters

A wave of new industrial construction, much of it speculative, could stymie rent growth.

Industrial market fundamentals continue to slip as supply begins to mushroom nationally. Grubb & Ellis reported 132 million sq. ft. of industrial space under construction during the first quarter of 2007 — a record volume. A bigger concern is that 109 million sq. ft. of that space is being developed on a speculative basis.

To put those numbers into context, the 132 million sq. ft. total exceeds the peak of the last expansion cycle when 122 million sq. ft. was under development in the fourth quarter of 2000.

Fundamentals aren't immune to this new supply, either. Net absorption in the first quarter totaled 5.5 million sq. ft., the lowest level in three years, according to Grubb & Ellis. Weak leasing activity also kept vacancy flat at 7.7% for the third consecutive quarter.

"It's still too early to say we are in the red zone for overbuilding as I don't see this leading to chronic oversupply," says Bob Bach, national director of market research for Grubb & Ellis.

But Bach expects new supply to stymie many landlords attempting to raise rents. Since most of this space is speculative in nature, it has more potential to weaken conditions in markets where new product is delivered. Bach forecasts that average warehouse rents will increase by 1% in 2007 compared with 5% in 2006, the early stage of the current building cycle.

Local market conditions vary

Still, some markets are bulking up faster than others. In California's booming Inland Empire, located 35 miles east of Los Angeles, 24.2 million sq. ft. of new industrial space was in the pipeline during the first quarter. In short, roughly 20% of all industrial space under development nationally in the first quarter was in the Inland Empire.

The hard hit home building sector hasn't helped drive demand for industrial space in recent months.

But economic activity in the manufacturing sector expanded in May for the fourth consecutive month, according to the Manufacturing ISM Report on Business.

Many real estate economists view this influential report issued monthly by the Institute for Supply Management (ISM) as a leading indicator of industrial demand because it tracks inventory. If suppliers are sending out more goods, that bodes well for the warehouse market that stores these items temporarily.

Valued statistic

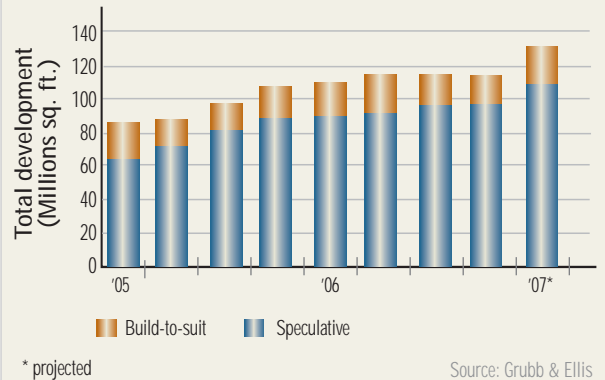
One closely watched metric that leads each monthly report is the Purchasing Managers Index (PMI), which increased by 0.3% to hit a reading of 55 between April and May. A reading above 50 generally suggests that the manufacturing economy is expanding.

"The user demand should come into play and fill many of these new buildings," says Patrick Gallagher, senior vice president at Chicago-based industrial development firm The Alter Group. "While it's easier to put up industrial projects, it's also easier to turn off the pipeline once it becomes too crowded."

The Alter Group reported 1.8 million sq. ft. of development either completed or under construction as of Dec. 31, 2006. The company's current pipeline of industrial projects is valued at \$758 million. The Alter Group is targeting Southern California for new development. The firm broke ground on a 600,000 sq. ft. distribution center in

BULGING INDUSTRIAL DEVELOPMENT PIPELINE

A record volume of speculative industrial space was under development in the first quarter of 2007, raising some concern.



Fontana, located in the heart of the Inland Empire region.

Gallagher admits that new supply is being developed at a torrid pace in the Inland Empire, but he's quick to add that industrial vacancy registered just 2% at the end of the first quarter in the market. "So even if supply piled up, your vacancy is so low to begin with in markets like this," he says.

Investor attention

Meanwhile, the large amount of capital attracted to real estate is creating cap-rate compression. Nationally, the average cap rate — the yield during the first year of ownership based on the purchase price — fell from 7.5% to 7% during 2006, according to Manhattan-based Real Capital Analytics. Roughly \$42.3 billion worth of industrial properties were sold last year.

Average cap rates also have fallen since the end of 2006. Part of the reason: Sellers put roughly \$13 billion worth of industrial properties on the market through the end of April, up 45% from the same period in 2006.

"There's a lot of capital still focused on buying industrial real estate," says Gallagher. "And I expect to see many properties bought and sold through the end of 2007."

— Parke M. Chapman

TOP 25 INDUSTRIAL OWNERS

The Top 25 Industrial Owners survey is based on data provided by participating companies. The rankings are based on the amount of industrial space companies owned globally as of Dec. 31, 2006.

1. ProLogis

Total Industrial Portfolio: 422 million sq. ft.
4545 Airport Way
Denver, CO 80239
Phone: (303) 567-5000
Email: info@prologis.com
Website: www.prologis.com
Officers: Jeff Schwartz, CEO; Walt Rakowich, COO; William Sullivan, CFO

2. RREEF

Total Industrial Portfolio: 130.3 million sq. ft.
280 Park Ave., 23W
New York, NY 10017
Phone: (212) 454-3900
Fax: (212) 454-6606
Website: www.rreef.com
Officers: Timothy K. Gonzalez, CEO, RREEF North America; Brian E. McAuliffe, Managing Director, Acquisitions; Peter F. Feinberg, Managing Director, Portfolio Management

3. AMB Property Corp.

Total Industrial Portfolio: 124.7 million sq. ft.
Pier 1, Bay 1
San Francisco, CA 94111
Phone: (415) 394-9000
Fax: (415) 394-9001
Website: www.amb.com
Officers: Hamid R. Moghadam, Chairman/CEO; Guy F. Jaquier, President, Europe & Asia; Eugene F. Reilly, President, North America

4. LaSalle Investment Management

Total Industrial Portfolio: 124.6 million sq. ft.
200 E. Randolph Dr.
Chicago, IL 60601
Phone: (312) 782-5800
Fax: (312) 228-0254
Website: www.lasalle.com
Officers: Jeff Jacobson, Global CEO; Jack Chandler, CEO, Asia Pacific; Peter Schaff, CEO, North America

5. First Industrial Realty Trust Inc.

Total Industrial Portfolio: 102 million sq. ft.
311 S. Wacker Dr., Suite 4000
Chicago, IL 60606
Phone: (312) 344-4300
Fax: (312) 922-6320
Email: info@firstindustrial.com
Website: www.firstindustrial.com
Officers: Michael W. Brennan, President/CEO; Michael J. Havala, CFO; Johansson L. Yap, Chief Investment Officer

6. ING Clarion

Total Industrial Portfolio: 88.6 million sq. ft.
230 Park Ave., 12th Floor
New York, NY 10169
Phone: (212) 883-2500
Fax: (212) 833-2700
Email: clientservices@ingclarion.com
Website: www.ingclarion.com
Officers: Stephen J. Furnary, Chairman/CEO; Jeffrey A. Barclay, Managing Director/Head of Acquisitions; C. Stephen Cordes, Managing Director/Head of Portfolio Management

7. Lincoln Property Co.

Total Industrial Portfolio: 85.2 million sq. ft.
500 N. Akard, Suite 3300
Dallas, TX 75201
Phone: (214) 740-3300
Fax: (214) 740-3441
Email: leverett@lpc.com
Website: www.lincolnproperty.com
Officers: Mack Pogue, Chairman; Tim Byrne, CEO/President, Residential Division; Bill Duvall, CEO/President, Commercial Division

8. Duke Realty Corp.

Total Industrial Portfolio: 81.9 million sq. ft.
600 E. 96th St., Suite 100
Indianapolis, IN 46240
Phone: (317) 808-6000
Fax: (317) 808-6794

Email: webmaster@dukerealty.com
Website: www.dukerealty.com
Officers: Dennis D. Oklak, Chairman/CEO; Robert M. Chapman, Sr. EVP/Head of Real Estate Operations; Matthew A. Cohoat, EVP/CFO

9. CB Richard Ellis Investors LLC

Total Industrial Portfolio: 70.6 million sq. ft.
515 S. Flower St., 31st Floor
Los Angeles, CA 90071
Phone: (213) 683-4200
Fax: (213) 683-4301
Website: www.cbreinvestors.com
Officers: Vance Maddocks, CEO; William Harris, President/COO; Robert Zerbst, Chairman

10. Majestic Realty Co.

Total Industrial Portfolio: 64.8 million sq. ft.
13191 Crossroads Parkway North
City of Industry, CA 91746
Phone: (562) 692-9581
Fax: (562) 695-2329
Email: gkiralla@majesticrealty.com
Website: www.majesticrealty.com
Officers: Edward P. Roski, Jr., CEO/Chairman of the Board; David A. Wheeler, President; Jay H. Bradford, EVP/CFO

11. TIAA-CREF

Total Industrial Portfolio: 51.1 million sq. ft.
730 Third Ave.
New York, NY 10017
Phone: (800) 842-2733
Website: www.tiaa-cref.org
Officers: Thomas Garbutt, Managing Director, Global Real Estate; Phillip McAndrews, Managing Director, Real Estate Portfolio Management; Margaret Brandwein, Managing Director, Real Estate Portfolio Management

12. CenterPoint Properties

Total Industrial Portfolio: 46.4 million sq. ft.
1808 Swift Dr.
Oak Brook, IL 60523
Phone: (630) 586-8000
Fax: (630) 586-8010
Website: www.centerpoint-prop.com
Officers: Michael M. Mullen, CEO; Paul S. Fisher, President; Michael J. Kraft, CFO

13. Liberty Property Trust

Total Industrial Portfolio: 44.6 million sq. ft.
500 Chesterfield Pkwy.
Malvern, PA 19355
Phone: (610) 648-1700
Fax: (610) 644-4129
Email: info@libertyproperty.com
Website: www.libertyproperty.com
Officers: William P. Hankowsky, CEO; George J. Alburger, CFO; Robert E. Fenza, COO

14. Heitman

Total Industrial Portfolio: 42.4 million sq. ft.

191 N. Wacker Dr., Suite 2500
Chicago, IL 60606
Phone: (312) 855-5700
Fax: (312) 855-0459
Website: www.heitman.com
Officers: Jerome J. Claeys III, Chairman; Maury Tognarelli, CEO/President

15. Panattoni Development Co. LLC

Total Industrial Portfolio: 38.9 million sq. ft.
8775 Folsom Blvd., Suite 200
Sacramento, CA 95826
Phone: (916) 381-1561
Fax: (916) 381-7639
Website: www.panattoni.com
Officers: Carl Panattoni, Chairman; Dudley Mitchell, CEO; Greg Thurman, President

16. USAA Real Estate Co.

Total Industrial Portfolio: 27.3 million sq. ft.
9830 Colonnade Blvd., Suite 600
San Antonio, TX 78230
Phone: (800) 531-8182
Fax: (210) 498-3259

Email: pat.duncan@usaa.com
Website: www.usaarealco.com
Officers: T. Patrick Duncan, President/CEO; Susan Wallace, Sr. Managing Director, Private Equity Group; James E. Loyd, Sr. Managing Director, Real Estate Investments

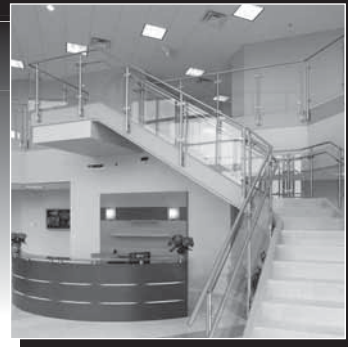
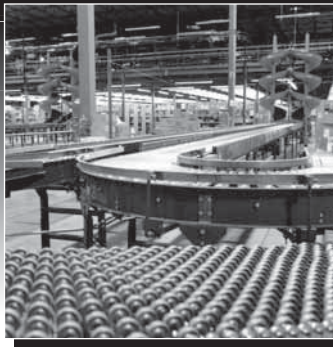
17. IDI

Total Industrial Portfolio: 26.9 million sq. ft.
3424 Peachtree Rd. NE, Monarch Tower, Suite 1500
Atlanta, GA 30326
Phone: (404) 479-4000
Fax: (404) 479-4162
Website: www.idi.com
Officers: Henry D. "Greg" Gregory, Jr., Vice Chairman/CEO; Tim Gunter, President; David Birdwell, EVP/COO

18. Ashley Capital

Total Industrial Portfolio: 24 million sq. ft.
919 Third Ave., 39th Floor
New York, NY 10022
Phone: (212) 755-1900

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Greg Dehnke, Director, Hawthorn Hills Community Church

KRUSINSKI CONSTRUCTION COMPANY



Fax: (212) 750-1850
 Email: ashleynyc@ashleycapital.com
 Website: www.ashleycapital.com
 Officers: Paul D. Rubacha, Principal;
 Richard A. Morton, Principal

19. EastGroup Properties

Total Industrial Portfolio: 21.8 million sq. ft.
 188 E. Capitol St., Suite 300
 Jackson, MS 39201
 Phone: (601) 354-3555
 Fax: (601) 352-1441
 Website: www.eastgroup.net
 Officers: David H. Hoster II, President/
 CEO; N. Keith McKey, EVP/CFO/
 Secretary & Treasurer; Bruce Corkern,
 SVP/Chief Accounting Officer/
 Controller

20. Hartz Mountain Industries

Total Industrial Portfolio: 20.8 million sq. ft.
 400 Plaza Dr.
 Secaucus, NJ 07094

Phone: (201) 348-1200
 Fax: (201) 348-4358
 Website: www.hartzmountain.com
 Officers: Emanuel Stern, President/COO;
 Gus Milano, EVP, Finance & Leasing;
 Irwin Horowitz, EVP, General Counsel

21. HRPT Properties Trust

Total Industrial Portfolio: 18 million sq. ft.
 400 Centre St.
 Newton, MA 02458
 Phone: (617) 332-3990
 Email: tbonang@hrpreit.com
 Website: www.hrpreit.com
 Officers: Adam D. Portnoy, Managing
 Director; John Mannix, President/COO;
 John Popeo, CFO

22. Heller Industrial Parks

Total Industrial Portfolio: 16 million sq. ft.
 205 Mill Rd.
 Edison, NJ 08837
 Phone: (732) 287-4880

Fax: (732) 287-5033
 Email: jmilanaik@hellerpark.com
 Website: www.hellerpark.com
 Officers: Jeffrey J. Milanaik, President;
 Ellen Carpenter, EVP; Steven Kaufman,
 SVP

23. AEW Capital Management LP

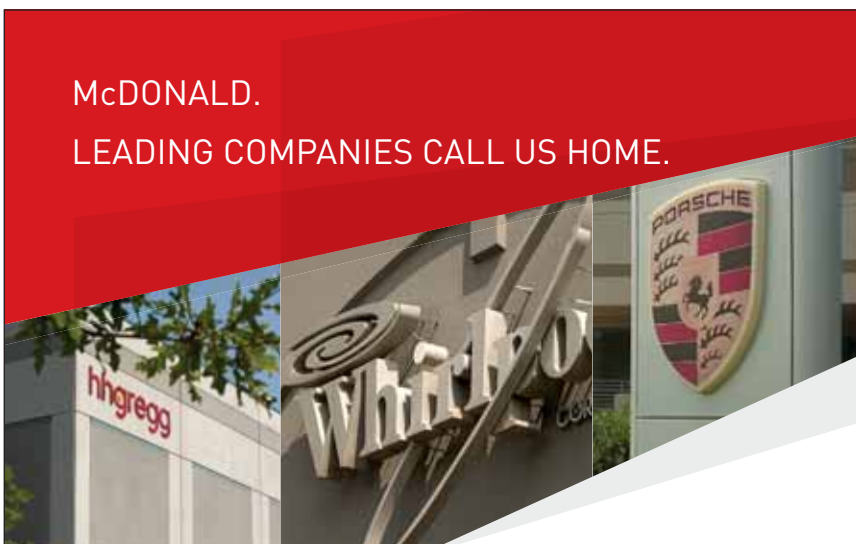
Total Industrial Portfolio: 14.2 million sq. ft.
 World Trade Center East,
 Two Seaport Lane
 Boston, MA 02210
 Phone: (617) 261-9000
 Fax: (617) 261-9555
 Email: aewcapitalmanagement@aew.com
 Website: www.aew.com
 Officers: Jeffrey D. Furber, Chief
 Executive; Pamela J. Herbst, Principal/
 Head of AEW Direct Investments;
 Steven D. Corkin, Principal/Head of
 AEW Client Service & Marketing

24. HSA Commercial Real Estate

Total Industrial Portfolio: 14 million sq. ft.
 233 S. Wacker Dr., Suite 350
 Chicago, IL 60606
 Phone: (312) 332-3555
 Fax: (312) 332-4122
 Email: mailbox@hsacommercial.com
 Website: www.hsacommercial.com
 Officers: Jack Shaffer, Chairman; Robert
 E. Smietana, CEO/Vice Chairman;
 Daniel F. Miranda, President

25. Opus Group

Total Industrial Portfolio: 13.4 million sq. ft.
 10350 Bren Road West
 Minnetonka, MN 55343
 Phone: (952) 656-4444
 Fax: (952) 656-4529
 Website: www.opuscorp.com
 Officers: Mark Rauenhorst,
 President/CEO; Steve Polacek, Chief
 Administration Officer/CFO; Andy
 Deckas, SVP/Chief Investment Officer



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TOP 25 INDUSTRIAL DEVELOPERS

Developers were asked to provide their volume of activity for the 2006 calendar year, including the amount of space completed or under construction globally as of Dec. 31, 2006.

1. ProLogis

Total Industrial Space Developed or Under Construction: 35.6 million sq. ft.
4545 Airport Way
Denver, CO 80239
Phone: (303) 567-5000
Email: info@prologis.com
Website: www.prologis.com
Officers: Jeff Schwartz, CEO; Walt Rakowich, COO; William Sullivan, CFO

2. Panattoni Development Co. LLC

Total Industrial Space Developed or Under Construction: 30.7 million sq. ft.
8775 Folsom Blvd., Suite 200
Sacramento, CA 95826
Phone: (916) 381-1561
Website: www.panattoni.com
Officers: Carl Panattoni, Chairman; Dudley Mitchell, CEO; Greg Thurman, President

3. Trammell Crow Co.

Total Industrial Space Developed or Under Construction: 16.9 million sq. ft.
2001 Ross Ave., 34th Floor
Dallas, TX 75201
Phone: (214) 863-3300
Website: www.trammellcrow.com
Officers: Bob Sulentic, CEO; Jim Groch, Chief Investment Officer; Chris Kirk, COO

4. Duke Realty Corp.

Total Industrial Space Developed or Under Construction: 14.1 million sq. ft.
600 E. 96th St., Suite 100
Indianapolis, IN 46240
Phone: (317) 808-6000
Email: webmaster@dukerealty.com
Website: www.dukerealty.com
Officers: Dennis D. Oklak, Chairman/CEO; Robert M. Chapman, Sr. EVP/Head of Real Estate Operations; Matthew A. Cohoat, EVP/CFO

5. AMB Property Corp.

Total Industrial Space Developed or Under Construction: 13.7 million sq. ft.

Pier 1, Bay 1

San Francisco, CA 94111
Phone: (415) 394-9000
Website: www.amb.com
Officers: Hamid R. Moghadam, Chairman/CEO; Guy F. Jaquier, President, Europe & Asia; Eugene F. Reilly, President, North America

6. Opus Group

Total Industrial Space Developed or Under Construction: 13.4 million sq. ft.
10350 Bren Road West
Minnetonka, MN 55343
Phone: (952) 656-4444
Website: www.opuscorp.com
Officers: Mark Rauenhorst, President/CEO; Steve Polacek, Chief Administration Officer/CFO; Andy Deckas, SVP/Chief Investment Officer

7. IDI

Total Industrial Space Developed or Under Construction: 12.9 million sq. ft.
3424 Peachtree Rd. NE, Monarch Tower, Suite 1500
Atlanta, GA 30326
Phone: (404) 479-4000
Website: www.idi.com
Officers: Henry D. "Greg" Gregory, Jr., Vice Chairman/CEO; Tim Gunter, President; David Birdwell, EVP/COO

8. Lincoln Property Co.

Total Industrial Space Developed or Under Construction: 10.8 million sq. ft.
500 N. Akard, Suite 3300
Dallas, TX 75201
Phone: (214) 740-3300
Email: leverett@lpc.com
Website: www.lincolnproperty.com
Officers: Mack Pogue, Chairman; Tim Byrne, CEO/President, Residential Division; Bill Duvall, CEO/President, Commercial Division

9. First Industrial Realty Trust Inc.

Total Industrial Space Developed or Under Construction: 9 million sq. ft.

311 S. Wacker Dr., Suite 4000

Chicago, IL 60606
Phone: (312) 344-4300
Email: info@firstindustrial.com
Website: www.firstindustrial.com
Officers: Michael W. Brennan, President/CEO; Michael J. Havala, CFO; Johansson L. Yap, Chief Investment Officer

10. ING Clarion

Total Industrial Space Developed or Under Construction: 7.8 million sq. ft.
230 Park Ave., 12th Floor
New York, NY 10169
Phone: (212) 883-2500
Email: clientservices@ingclarion.com
Website: www.ingclarion.com
Officers: Stephen J. Furnary, Chairman/CEO; Jeffrey A. Barclay, Managing Director/Head of Acquisitions; C. Stephen Cordes, Managing Director/Head of Portfolio Management

11. Hillwood

Total Industrial Space Developed or Under Construction: 7.7 million sq. ft.
5430 LBJ Freeway, Eighth Floor
Dallas, TX 75240
Phone: (972) 201-2800
Email: dave.pelletier@hillwood.com
Website: www.hillwood.com
Officers: Ross Perot Jr., Chairman; Mike Berry, President, Hillwood Properties; Todd Platt, CEO, Hillwood Investments

12. Lauth

Total Industrial Space Developed or Under Construction: 6.4 million sq. ft.
401 Pennsylvania Pkwy.
Indianapolis, IN 46280
Phone: (317) 848-6500
Email: info@lauth.net
Website: www.lauth.net
Officers: Robert L. Lauth, Chairman; Gregory C. Gurnik, CEO; Michael S. Curless, President

13. Liberty Property Trust

Total Industrial Space Developed or Under Construction: 6.3 million sq. ft.
500 Chesterfield Pkwy.
Malvern, PA 19355
Phone: (610) 648-1700
Website: www.libertyproperty.com
Officers: William P. Hankowsky, CEO; George J. Alburger, CFO; Robert E. Fenza, COO

13. Majestic Realty Co.

Total Industrial Space Developed or Under Construction: 6.3 million sq. ft.
13191 Crossroads Parkway North
City of Industry, CA 91746
Phone: (562) 692-9581
Website: www.majesticrealty.com
Officers: Edward P. Roski, Jr., CEO/Chairman of the Board; David A. Wheeler, President; Jay H. Bradford, EVP/CFO

13. RREEF

Total Industrial Space Developed or Under Construction: 6.3 million sq. ft.
280 Park Ave., 23W

New York, NY 10017
Phone: (212) 454-3900
Website: www.rreef.com
Officers: Timothy K. Gonzalez, CEO, RREEF North America; Brian E. McAuliffe, Managing Director, Acquisitions; Peter F. Feinberg, Managing Director, Portfolio Management

14. Sares Regis Group

Total Industrial Space Developed or Under Construction: 5.8 million sq. ft.
18802 Bardeen Ave.
Irvine, CA 92612
Phone: (949) 756-5959
Website: www.sares-regis.com
Officers: John S. Hagestad, Managing Director; William J. Thormahlen, Managing Director; Geoffrey L. Stack, Managing Director

15. Rockefeller Group Development Corp.

Total Industrial Space Developed or Under Construction: 5.1 million sq. ft.
1221 Avenue of the Americas
New York, NY 10020

Phone: (212) 282-2000
Website: www.rockgroupdevelopment.com
Officers: Kevin R. Hackett, President/CEO; Robert C. Jackson, Chief Investment Officer; Leslie E. Smith, Jr., EVP, Development

16. CenterPoint Properties

Total Industrial Space Developed or Under Construction: 5 million sq. ft.
1808 Swift Dr.
Oak Brook, IL 60523
Phone: (630) 586-8000
Website: www.centerpoint-prop.com
Officers: Michael M. Mullen, CEO; Paul S. Fisher, President; Michael J. Kraft, CFO

17. McShane Corp.

Total Industrial Space Developed or Under Construction: 3.5 million sq. ft.
9550 W. Higgins Rd., Suite 200
Rosemont, IL 60018
Phone: (847) 292-4300
Website: www.mcshaneorp.com
Officers: James A. McShane, CEO; Hunter Barrier, President; Mel Meyer, CFO



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18. AEW Capital Management LP

Total Industrial Space Developed or Under Construction: 2.52 million sq. ft.
World Trade Center East, Two Seaport Lane
Boston, MA 02210
Phone: (617) 261-9000
Email: aewcapitalmanagement@aew.com
Website: www.aew.com
Officers: Jeffrey D. Furber, Chief Executive; Pamela J. Herbst, Principal/Head of AEW Direct Investments; Steven D. Corkin, Principal/Head of AEW Client Service & Marketing

19. USAA Real Estate Co.

Total Industrial Space Developed or Under Construction: 2.5 million sq. ft.
9830 Colonnade Blvd., Suite 600
San Antonio, TX 78230
Phone: (800) 531-8182
Email: pat.duncan@usaa.com
Website: www.usaarealco.com
Officers: T. Patrick Duncan, President/CEO; Susan Wallace, Sr. Managing Director, Private Equity Group; James E. Loyd, Sr. Managing Director, Real Estate Investments

20. McDonald Development Co.

Total Industrial Space Developed or Under Construction: 2.2 million sq. ft.
3715 Northside Pkwy., Building 200, Suite 700
Atlanta, GA 30327
Phone: (404) 239-0885
Email: mdc@mcldco.com
Website: mcldco.com
Officers: John R. McDonald, President; Tracy A. White, SVP, Development; John T. Downing, VP, Marketing

21. HSA Commercial Real Estate

Total Industrial Space Developed or Under Construction: 2.04 million sq. ft.
233 S. Wacker Dr., Suite 350
Chicago, IL 60606
Phone: (312) 332-3555
Email: mailbox@hsacommercial.com
Website: www.hsacommercial.com
Officers: Jack Shaffer, Chairman; Robert E. Smietana, CEO/Vice Chairman; Daniel F. Miranda, President

22. Hines

Total Industrial Space Developed or Under Construction: 2.01 million sq. ft.
2800 Post Oak Blvd.
Houston, TX 77056
Phone: (713) 621-8000
Website: www.hines.com
Officers: Gerald D. Hines, Chairman; Jeffrey C. Hines, President; C. Hastings Johnson, EVP/CFO

23. Transwestern

Total Industrial Space Developed or Under Construction: 2 million sq. ft.
1900 W. Loop South, Suite 1300
Houston, TX 77027
Phone: (713) 270-7700
Website: www.transwestern.net
Officers: Robert Duncan, Chairman; Larry P. Heard, President/CEO; Mark Doran, COO

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Third-Party Providers Hit Pay Dirt

REIT privatizations are a potential windfall for property management firms, who also are grappling with the cost of going 'green.'

While the flurry of recent REIT privatizations has been a well-documented financial windfall for many brokerage firms, it also is pumping up the financial coffers of service providers thanks to boatloads of new property management assignments.

One Market Street, a 1.5 million sq. ft. office complex in downtown San Francisco, serves as a high-profile example. Chicago-based Jones Lang LaSalle (JLL) won the assignment to manage the property in early 2007 following Blackstone Group's sale of a \$2.5 billion, 3.9 million sq. ft. portfolio to Morgan Stanley.

The portfolio once belonged to Chicago-based Equity Office Properties Trust (EOP), which Blackstone acquired. EOP previously had managed the property in-house. It is the largest property management assignment in San Francisco in the past 10 years, say local brokers.

Most publicly traded REITs are self-managed, meaning their property management is coordinated in-house. As these firms are taken private and individual properties and portfolios are sold off to pay for the deal, most of the new owners are contracting with third-party property managers to oversee daily operations and help owners lower operating costs to recoup their investments.

"The privatization of the REITs, on multiple fronts, for us, is absolutely increasing the size of our portfolio," says Bill Krouch, CEO of Jones Lang LaSalle's

Markets Group. "As the REITs get cycled out, all of a sudden you have new inventory coming on line, and we have an opportunity to manage and lease that product, and that's exactly what we've seen."

Property churn causes stress

But where there is opportunity, there is risk. "Absolutely it can be an opportunity to get more business, but it's also an opportunity to lose what you have," says Tony Long, president of asset services for the Americas with New York-based CB Richard Ellis. The global giant services provider ranks No. 1 on NREI's annual list of Top Property Managers with 1.7 billion sq. ft. under management as of Dec. 31, 2006.

Institutional investors are holding properties for shorter periods due to the run-up in values over the past three years, Long says. "The biggest challenge is to focus on the day-to-day management of these assets while we have record turnover in property sales. The stress that puts on the operations of the properties is unprecedented," says Long.

Despite the stress, the deal volume is expected to continue at least through the rest of 2007. One potential new management assignment is EOP's 10 million sq. ft. Chicago office portfolio. Krouch says Jones Lang LaSalle is working with prospective buyers to create a financial package that works, which includes a property management assignment.

Green initiatives heat up

While REIT deals continue to churn, service providers are working on new ways to differentiate themselves to win business. Environmental impact is at the top of most agendas, and the "green" issue has taken on public policy status with many of the largest service firms, including CBRE, Jones Lang LaSalle and Houston-based Transwestern.

For example, CBRE recently announced a three-year plan to be completely carbon neutral across its property portfolio by 2010, a move the company says reflects demand from both owners and occupiers. Becoming "carbon-neutral" means that an entity has neutralized the effect of its greenhouse gas emissions. An entity is considered "carbon-neutral" when its CO2 emissions, or "carbon footprint," have been measured, reductions have been implemented, and remaining emissions have been offset through high-quality carbon projects.

Delivering lower energy costs, which account for 20% to 40% of expenses and are the largest operating expense for owners, has become a top priority for service firms. But typically these higher costs are passed on to tenants through their triple-net lease pacts, and many owners are still waiting on the sidelines to test the level of investment needed to bring existing properties up to higher energy standards.

Krouch admits that in recent meetings with Jones Lang LaSalle's largest institutional owner/clients, the green discussion turned to what tenants would be willing to pay for higher energy efficiency. "If you want to get to the highest levels of energy efficiency, it requires capital, and our investor client base is not going to build it and see if tenants will come. They will build it when there is appropriate demand for that, and they will also modify buildings based on how serious the corporate users are." ■

— Ben Johnson

MAJOR PROPERTY MANAGEMENT ASSIGNMENTS

(First-quarter 2007)

Client	Description	Service Provider
MetLife	Wells Fargo Plaza, Houston's tallest office building, 71 stories, 1.7 million sq. ft.	CB Richard Ellis
Morgan Stanley	One Market Street, a 1.5 million sq. ft. office building in downtown San Francisco	Jones Lang LaSalle
MetLife	100 Congress, a 411,536 sq. ft. Class-A office building in downtown Austin	CB Richard Ellis
Morgan Stanley	One Post Office Square in downtown Boston, a 766,000 sq. ft. office tower	Jones Lang LaSalle

TOP 25 PROPERTY MANAGERS

The property managers survey is based on the total amount of space under management globally as of Dec. 31, 2006. The figures provided by companies include the amount of space managed for outside clients and the total space managed for their own portfolios.

1. CB Richard Ellis

Total Space Managed: 1.7 billion sq. ft.
100 N. Sepulveda Blvd., Suite 1050
El Segundo, CA 90245

Website: www.cbre.com

Officers: Brett White, President/CEO;
Ken Kay, CFO; Cal Frese, President,
Americas

2. Jones Lang LaSalle

Total Space Managed: 1 billion sq. ft.
200 E. Randolph
Chicago, IL 60620
Phone: (312) 782-5800

Website: www.joneslanglasalle.com

Officers: Colin Dyer, President/CEO;
Lauralee Martin, COO/CFO; Peter
Roberts, CEO, Americas

3. Colliers International

Total Space Managed: 829 million sq. ft.
50 Milk St.

Boston, MA 02109

Phone: (617) 722-0221

Email: kgalvin@colliers.com

Website: www.colliers.com

Officers: Margaret Wigglesworth,
President/CEO; Walter Pinkard,
Chairman; Margaret Kemp Carlson,
COO

4. Cushman & Wakefield

Total Space Managed: 445 million sq. ft.
51 W. 52nd St.

New York, NY 10019

Phone: (212) 841-7500

Website: www.cushwake.com

Officers: Bruce Mosler, President/CEO;
John Santora, COO; John Cushman,
Chairman of the Board

5. ProLogis

Total Space Managed: 422 million sq. ft.
4545 Airport Way
Denver, CO 80239
Phone: (303) 567-5000
Email: info@prologis.com

Website: www.prologis.com

Officers: Jeff Schwartz, CEO; Walt
Rakowich, COO; William Sullivan, CFO

6. Lincoln Property Co.

Total Space Managed: 221 million sq. ft.
500 N. Akard, Suite 3300
Dallas, TX 75201

Phone: (214) 740-3300

Email: leverett@lpc.com

Website: www.lincolnproperty.com

Officers: Mack Pogue, Chairman; Tim
Byrne, CEO/President, Residential
Division; Bill Duvall, CEO/President,
Commercial Division

7. Simon Property Group

Total Space Managed: 211 million sq. ft.
225 W. Washington St.

Indianapolis, IN 46204

Phone: (317) 636-1600

Website: www.simon.com

Officers: David Simon, CEO; Richard
S. Sokolov, President/COO; Stephen
Sterrett, CFO

8. Grubb & Ellis Co.

Total Space Managed: 210.5 million sq. ft.
500 W. Monroe St., Suite 2800

Chicago, IL 60661

Phone: (312) 698-6700

Email: corporatecommunications@grubb-ellis.com

Website: www.grubb-ellis.com

Officers: Mark Rose, CEO; Maureen
Ehrenberg, President, Global Client
Services; Robert Osbrink, President,
Transaction Services

9. NAI Global

Total Space Managed: 200 million sq. ft.
4 Independence Way

Princeton, NJ 08540

Phone: (609) 945-4000

Email: info@naiglobal.com

Website: www.naiglobal.com

Officers: Gerald C. Finn, Chairman;

Jeffrey M. Finn, President/CEO; Rick
Kimball, EVP, U.S. Brokerage Operations

10. ING Clarion

Total Space Managed: 193 million sq. ft.
230 Park Ave., 12th Floor
New York, NY 10169

Phone: (212) 883-2500

Email: clientservices@ingclarion.com

Website: www.ingclarion.com

Officers: Stephen J. Furnary, Chairman/
CEO; Jeffrey A. Barclay, Managing
Director/Head of Acquisitions; C.
Stephen Cordes, Managing Director/
Head of Portfolio Management

11. Developers Diversified Realty

Total Space Managed: 162 million sq. ft.
3300 Enterprise Pkwy.

Beachwood, OH 44122

Phone: (216) 755-5500

Website: www.ddr.com

Officers: Scott Wolstein, Chairman/CEO;
Daniel Hurwitz, President/COO; David
Oaks, EVP, Finance/CIO

11. GVA Worldwide

Total Space Managed: 162 million sq. ft.
1569 Sherman Ave., 201C

Evanston, IL 60201

Phone: (847) 733-0883

Email: info@gvaworldwide.com

Website: www.gvaworldwide.com

Officers: Michael Corbett, President;
Michael T. Cohen, Chairman; Betsy Baer,
COO

12. PM Realty Group LP

Total Space Managed: 161 million sq. ft.
1000 Main St., Suite 2400

Houston, TX 77002

Phone: (713) 209-5800

Email: jgunn@pmrg.com

Website: www.pmrg.com

Officers: Rick V. Kirk, CEO; James C.
Gunn, President, Property Services;
Roger L. Gregory, CFO

13. Equity Residential

Total Space Managed: 158 million sq. ft.

Two N. Riverside Plaza
Chicago, IL 60606

Phone: (312) 474-1300

Website: www.equityresidential.com

Officers: Sam Zell, Chairman; David J. Neithercut, President/CEO; Gerry Spector, EVP/COO

14. Brookfield Properties Corp.

Total Space Managed: 153 million sq. ft.

200 Vesey St.

New York, NY 10281

Phone: (212) 417-7000

Website: www.brookfieldproperties.com

Officers: Ric Clark, President/CEO; Bryan Davis, CFO; Dennis Friedrich, President/COO, U.S. Commercial Operations

15. Inland Real Estate Group of Cos. Inc.

Total Space Managed: 149 million sq. ft.

2901 Butterfield

Oak Brook, IL 60523

Phone: (630) 218-8000

Website: www.inlandgroup.com

Officers: Daniel L. Goodwin, Chairman; Joe Cosenza, Vice Chairman

16. RREEF

Total Space Managed: 148 million sq. ft.

280 Park Ave., 23W

New York, NY 10017

Phone: (212) 454-3900

Website: www.rreef.com

Officers: Timothy K. Gonzalez, CEO, RREEF North America; Brian E. McAuliffe, Managing Director, Acquisitions; Peter F. Feinberg, Managing Director, Portfolio Management

17. Kimco Realty Corp.

Total Space Managed: 145 million sq. ft.

3333 New Hyde Park Rd.

New Hyde Park, NY 11042

Phone: (516) 869-9000

Website: www.kimcorealty.com

Officers: Milton Cooper, CEO; Michael Flynn, President; David Henry, Chief Investment Officer

18. TIAA-CREF Asset Management

Total Space Managed: 134 million sq. ft.

730 Third Ave.

New York, NY 10017

Phone: (800) 842-2733

Website: www.tiaa-cref.org

Officers: Thomas Garbutt, Managing Director, Global Real Estate; Phillip McAndrews, Managing Director, Real Estate Portfolio Management; Margaret Brandwein, Managing Director, Real Estate Portfolio Management

19. Duke Realty Corp.

Total Space Managed: 128.5 million sq. ft.

600 E. 96th St., Suite 100

Indianapolis, IN 46240

Phone: (317) 808-6000

Email: webmaster@dukerealty.com

Website: www.dukerealty.com

Officers: Dennis D. Oklak, Chairman/CEO; Robert M. Chapman, SVP, Head of Real Estate Operations; Matthew A. Cohoat, EVP/CFO

20. AMB Property Corp.

Total Space Managed: 125 million sq. ft.

Pier 1, Bay 1

San Francisco, CA 94111

Phone: (415) 394-9000

Website: www.amb.com

Officers: Hamid R. Moghadam, Chairman/CEO; W. Blake Baird, President/Director; Michael A. Coke, EVP/CFO

21. Transwestern

Total Space Managed: 121 million sq. ft.

1900 W. Loop South, Suite 1300

Houston, TX 77027

Phone: (713) 270-7700

Website: www.transwestern.net

Officers: Robert Duncan, Chairman;

Larry P. Heard, President/CEO; Mark Doran, COO

22. Centro

Total Space Managed: 114 million sq. ft.

420 Lexington Ave., 7th Floor

New York, NY 10170

Phone: (212) 869-3000

Email: info@centrowatt.com

Website: www.centrowatt.com

Officers: Glenn Rufrano, CEO; John Braddon, EVP/CFO; Michael Carroll, EVP/COO

23. Vornado Realty Trust

Total Space Managed: 112 million sq. ft.

888 Seventh Ave.

New York, NY 10019

Phone: (212) 894-7000

Email: information@vno.com

Website: www.vno.com

Officers: Steven Roth, Chairman/CEO; Michael Fascitelli, President/Trustee; Joseph Macnow, EVP, Finance & Administration/CFO

24. First Industrial Realty Trust Inc.

Total Space Managed: 105 million sq. ft.

311 S. Wacker Dr., Suite 4000

Chicago, IL 60606

Phone: (312) 344-4300

Email: info@firstindustrial.com

Website: www.firstindustrial.com

Officers: Michael W. Brennan, President/CEO; Michael J. Havala, CFO; Johansson L. Yap, Chief Investment Officer

25. TCN Worldwide

Total Space Managed: 81 million sq. ft.

2419 Coit Rd., Suite A

Plano, TX 75075

Phone: (972) 769-8701

Email: info@tcnworldwide.com

Website: www.tcnworldwide.com

Officers: H. Ross Ford, President/CEO; Neil H. Siderow, Chairman; David C. Wagner, Vice Chairman

Lender Consolidation Marches On

Large financial services firms are snapping up mid-sized specialists, particularly in the multifamily sector.

Howard Levine, CEO of ARCS Commercial Mortgage and a 30-year industry veteran, recently captured the feeling among today's leading multifamily lenders with great clarity. "Borrowers' needs have changed. They require a lot more products." That helps explain why in the past 12 months, several of the industry's largest lenders, including Calabasas Hills, Calif.-based ARCS, have fallen under the acquisition spell.

Driving the buying binge are the nation's largest commercial banks, all in a battle for market share and eager to please their borrowers' demands. Pittsburgh-based PNC Financial Services Group, which ranks No. 12 on NREI's Top Lenders Survey with a total of \$11.6 billion in commercial real estate financing in 2006, purchased ARCS in May.

The ARCS acquisition marked a milestone as the largest such acquisition by a commercial bank. ARCS originated more than \$2.1 billion of loans in 2006 and services about \$13 billion of loans, placing it No. 29 on the survey. ARCS also is the largest Fannie Mae Delegated Underwriting and Servicing (DUS) lender.

"They [PNC] recognized that if they're going to be a player in multifamily, Fannie Mae is an important ingredient," says Levine. "Obviously they have customers that need Fannie Mae types of products, so you have the cross-selling opportunity. But vice versa, our clients need construction, bridge and mezzanine loans, which we have not been able to provide."

In August 2006, San Francisco-based Wells Fargo & Co. bought Reilly Mortgage Group. Reilly provides financing to multifamily owners and operators through the lending programs of Fannie Mae, Freddie Mac and the FHA, and has a servicing portfolio of some \$10 billion. The Vienna, Va.-based entity is now known as Wells Fargo Multifamily Capital.

These two deals mark the latest chapter in a long-running consolidation saga that is likely to play out for the remainder of 2007, particularly in the multifamily segment, as banks broaden their product offerings.

Organic approach

Banks are taking two paths to adding the commercial small-loan dimension to their capital stack of products. One path is via acquisition, while the other is growing it organically through their existing branch networks.

Both Countrywide Commercial, a division of Countrywide Financial Corp. in Calabasas, Calif., and LaSalle National Bank in Chicago have created internal small-loan commercial real estate operations run by long-time conduit pros Boyd Fellows and Charles Krawitz, respectively. Interestingly, both banks have been recent acquisition targets by other banks.

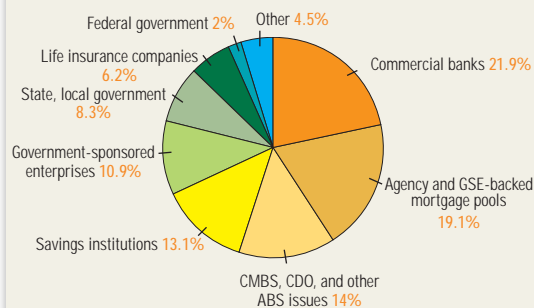
KeyBank Real Estate Capital in Cleveland is also building its small-loan segment organically. Earlier this year the lender brought to market its first stand-alone small-loan securitization, a \$237 million issuance including 156 loans. The largest chunk of loans (34.1%) was strictly multifamily properties with an average loan size of just \$1.5 million.

"It takes just as much time to underwrite a small loan as a larger one," explains E.J. Burke, KeyBank's executive vice president and group head. "The loans in the securitization are great, but it's a very competitive market and we're working on our efficiencies."

Barbell-shaped business

A recent report from the Council to Shape Change has created a buzz. The council,

MARKET SHARE OF MULTIFAMILY MORTGAGE DEBT OUTSTANDING (FOURTH-QUARTER 2006)



Sources: MBA, Flow of Funds Accounts, Federal Reserve

comprised of 19 independent industry leaders, was formed by the Mortgage Bankers Association as an industry think tank to identify changes in the \$12 trillion real estate finance industry over the next five to 10 years.

One key finding was the unique barbell-shaped structure of the industry, featuring large numbers of smaller lenders at one end of the spectrum, a handful of large lenders at the other, and a decreasing number of medium-sized firms with limited growth prospects.

Jamie Woodwell, MBA's senior director of commercial and multifamily research, says there are three potential outcomes for mid-sized firms: failure, success, or become a possible acquisition target.

However, many medium-sized firms, like ARCS, even when acquired, run autonomously. Plus, the industry is still dominated by entrepreneurs who relish the chance to grow enterprises from the ground up.

Over the next five to 10 years, the council notes, "The holy grail of retail banking will be cross-selling a variety of financial products to existing customers. Large players will increasingly offer a full suite of products to meet the needs of any borrower who comes in the door."

— Ben Johnson

TOP 25 DIRECT LENDERS

The following rankings were originally published in the May issue of NREI. The rankings are based on responses to NREI's Top Lender Survey questionnaire, and reflect total dollars financed or arranged in commercial real estate during the 2006 calendar year. Listings are presented in two parts. The first listing includes firms financing direct loans, credit lines, CMBS lending and other forms of direct investments to the industry. The second listing ranks financial intermediaries, including mortgage brokers and financial firms that arranged or facilitated transactions during 2006.

In instances where companies utilized their own balance sheet to close loans, or a line of credit to warehouse loans prior to securitization or sale in the secondary market, that volume was not considered production on an intermediary basis. For example, conduit lending and agency lending constituted direct lending for the purposes of this survey.

While NREI made every attempt to ensure the final survey was comprehensive, some companies chose not to participate.

1. Bank of America

Financed in 2006: \$78.5 billion

100 N. Tryon St.

Charlotte, NC 28255

Email: commercialrealestate@

bankofamerica.com

Website: www.bankofamerica.com/

commercialre

Officers: Eugene J. Godbold, President, Commercial Real Estate Banking; Ron D. Sturzenegger, Managing Director/Global Head of Real Estate and Lodging; George G. Ellison, Managing Director/Head Global Structured Product Origination/Principal Finance

2. Wachovia

Financed in 2006: \$57 billion

301 S. College St.

Charlotte, NC 28202

Phone: (704) 383-0018

Fax: (704) 383-7895

Email: ryan.poulsen@wachovia.com

Website: www.wachovia.com

Officers: Bill Green, Managing Director/Head of Real Estate Capital Markets; Charles Culbreth, Managing Director; Robert Verrone, Managing Director; Brett Smith, Managing Director

3. Deutsche Bank Commercial Real Estate

Financed in 2006: \$37.9 billion

60 Wall St.

New York, NY 10005

Phone: (212) 250-2500

Email: cre.marketing@db.com

Website: www.db.com/cre

Officers: Tobin Cobb, Co-Head, North

America; Eric Schwartz, Co-Head, North America; Julie Barrett, VP, Marketing

4. Morgan Stanley

Financed in 2006: \$37.2 billion

1221 Avenue of the Americas

New York, NY 10020

Phone: (212) 762-6601

Fax: (212) 507-4139

Email: james.flaum@morganstanley.com

Officers: James Flaum, Managing Director; Steven Stern, Managing Director

5. Wells Fargo

Financed in 2006: \$34 billion

45 Fremont St.

San Francisco, CA 94105

Website: www.wellsfargo.com/realestate

Officers: Larry Chapman, Head, Commercial Real Estate; Ed Blakey, Head, Commercial Mortgage; Joe Kerwin, VP

6. GE Real Estate

Financed in 2006: \$29 billion

292 Long Ridge Rd.

Stamford, CT 06927

Phone: (888) GE-FIRST

Fax: (203) 357-4473

Website: www.gerealestate.com

Officers: Alec Burger, SVP, North America Lending; Joseph Parsons, President, North America Equity; Bruce Nelson, President/CEO, Business Property

7. Credit Suisse

Financed in 2006: \$28 billion

11 Madison Ave.

New York, NY 10010

Phone: (212) 325-2000

Website: www.credit-suisse.com

Officers: Steve Kantor, Managing Director; Rob Brennan, Managing Director; Anthony Orso, Managing Director; Pen Pendleton, Director

8. KeyBank Real Estate Capital

Financed in 2006: \$22.8 billion

127 Public Square

Cleveland, OH 44114

Phone: (888) 539-2221

Website: www.key.com/rec

Officers: E.J. Burke, EVP, Group Head; John E. Case, EVP, National Sales Manager; Norman V. Nichols, Director, Real Estate Capital Markets; Ellen Wych, VP, Marketing Manager

9. LaSalle Bank

Financed in 2006: \$19 billion

135 S. LaSalle St.

Chicago, IL 60603

Phone: (312) 904-0504

Website: www.lasallebank.com

Officers: Breck Hanson, EVP, Commercial Real Estate; Nate Stearns, Managing Director, Real Estate Capital Markets

10. Capmark Financial Group

Financed in 2006: \$15.9 billion

411 Borel Ave., Suite 320

San Mateo, CA 94402

Phone: (650) 572-6600

Website: www.capmark.com

Officers: William F. Aldinger III, CEO;

Barry Gersten, EVP; Morgan G. "Jerry" Earnest, EVP

11. Washington Mutual (WaMu)

Financed in 2006: \$12.85 billion
1301 Second Ave.
Seattle, WA 98101
Phone: (206) 461-2000
Email: creinquiries@wamu.net
Website: www.wamu.com
Officers: Kerry Killinger, Chairman/CEO; Steve Rotella, President/COO; Al Brooks, President, Commercial Group; Dianne Larsen, Executive VP, Commercial Group Marketing

12. PNC Real Estate Finance

Financed in 2006: \$11.6 billion
249 Fifth Ave., 19th Floor
Pittsburgh, PA 15222
Phone: (877) 762-4332
Fax: (412) 705-2010
Email: realestateinfo@pnc.com
Website: www.pncrealestatefinance.com
Officers: Hugh Frater, EVP; Rick Steiner, Real Estate Marketing Manager

13. RBS Greenwich

Financed in 2006: \$11 billion
600 Steamboat Rd.
Greenwich, CT 06831
Phone: (203) 618-2230
Email: mark.finerman@gcm.com
Officers: Chuck Rosenzweig, Managing Director; Dave Murdoch, Managing Director; Wayne Brandt, Managing Director

14. Goldman, Sachs & Co.

Financed in 2006: \$10.6 billion
85 Broad St.
New York, NY 10004
Phone: (212) 902-1000
Fax: (212) 902-3000
Email: info@gsmortgage.com
Website: www.gs.com
Officers: Michael Graziano, Managing Director/Co-Head of Real Estate Investment Banking; Leo Huang, Managing Director, Commercial Real Estate Loan Trading; Roddy O'Neal, Co-CEO, Goldman Sachs Commercial Mortgage Capital LP; Benjamin Glatzer,

Marketing Director, Goldman Sachs Commercial Mortgage Capital LP

15. Prudential Mortgage Capital Co.

Financed in 2006: \$10.5 billion
100 Mulberry St., 8 GC4
Newark, NJ 07102
Phone: (888) 263-6800

Fax: (973) 367-8210

Email: pru_mortgagecapital@prudential.com
Website: www.prumortgagecapital.com
Officers: David Twardock, President; David Durning, Managing Director; Amy Rubin, Director, Marketing



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16. MetLife Real Estate Investments
Financed in 2006: \$8.8 billion
 10 Park Ave.

Morristown, NJ 07960
 Phone: (973) 355-4000
 Fax: (973) 355-4460
 Website: www.metlife.com/realestate
 Officers: Robert R. Merck, Head of Real Estate Investments; Mark H. Wilsmann,

Managing Director, Mortgage Portfolio;
 Brian J. Fox, Head of Global Marketing

17. National City
Financed in 2006: \$7.6 billion

2000 Auburn Dr., Suite 400
 Beachwood, OH 44122
 Phone: (216) 488-2332
 Fax: (216) 488-9650

Officers: Kenneth M. Goetz, President/
 Senior Managing Director, Commercial
 Real Estate National Markets

18. Fremont Investment & Loan
Financed in 2006: \$6.6 billion

2727 E. Imperial Hwy.
 Brea, CA 92821
 Phone: (714) 961-5000
 Fax: (714) 961-7509

Email: mschafer@fmontinv.com
 Website: www.1800fremont.com
 Officers: Gwyn Colburn, EVP; Tom
 Whitesell, SVP; Maura Schafer, VP,
 Marketing

19. Dillon Read Capital Management
Financed in 2006: \$6.5 billion

1251 Avenue of the Americas
 New York, NY 10020
 Phone: (212) 882-3000
 Officers: Brian Harris, Managing
 Director; Ron Garner, Managing
 Director; Matthew Kirsch, Executive
 Director

19. CIBC World Markets

Financed in 2006: \$6.5 billion
 300 Madison Ave., 8th Floor
 New York, NY 10017
 Phone: (212) 667-5653
 Fax: (212) 667-5655

Email: john.sawyers@us.cibc.com
 Website: www.cibcwm.com
 Officers: Michael Higgins, Managing
 Director; Barrie Wood, Managing
 Director; Andrew Fawer, Managing
 Director; John Sawyers, Executive
 Director

**20. Countrywide Commercial
 Real Estate Finance**

Financed in 2006: \$5.7 billion
 4500 Park Granada
 Calabasas, CA 91302
 Phone: (818) 225-6330
 Website: www.countrywidecommercial.com

Officers: Boyd Fellows, Managing
 Director; Warren de Haan, Managing
 Director; Ed Essa, VP, Corporate
 Communications

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\$4.5 MILLION – INDUSTRIAL GENERAL ACCOUNT TUKWILA, WA	

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21. Principal Real Estate Investors

Financed in 2006: \$5.4 billion

801 Grand Ave.

Des Moines, IA 50392

Phone: (800) 533-1390

Fax: (866) 850-4023

Website: www.principalglobal.com

Officers: Pat Halter, CEO; Randy Mundt, President/Chief Investment Officer; Todd Everett, Managing Director/Head of Real Estate Fixed Income; Steve Walker, Managing Director, Principal Real Estate Investors Sales & Marketing

22. Natixis Real Estate Capital Inc.

Financed in 2006: \$4.8 billion

9 W. 57th St., 36th Floor

New York, NY 10019

Phone: (212) 891-5700

Fax: (212) 891-5777

Website: www.natixisre.com

Officers: Scott Zucker, Managing Director; Greg Murphy, Managing Director; Scott Zucker, Managing Director; Janine Shagoury, Managing Director

23. iStar Financial Inc.

Financed in 2006: \$4.4 billion

1114 Avenue of the Americas

New York, NY 10036

Phone: (212) 930-9400

Email: customers@istarfinancial.com

Officers: Jay Sugarman, Chairman/CEO; Jay Nydick, President; Dan Abrams, EVP/Head of Originations; Andrew G. Backman, VP, Investor Relations and Marketing

23. Centerline Capital Group

Financed in 2006: \$4.4 billion

625 Madison Ave., 5th Floor

New York, NY 10022

Phone: (212) 317-5700

Website: www.centerline.com

Officers: Marc D. Schnitzer, President/CEO; Leonard W. Cotton, Vice Chairman; Hilary Ginsberg, Director of Corporate Communications

24. Johnson Capital

Financed in 2006: \$4 billion

18101 Von Karman Avenue, Suite 1050

Irvine, CA 92612

Phone: (949) 660-1999

Website: www.johnsoncapital.com

Officers: Guy Johnson, President; Tom Copeman, COO; Cliff Carnes, SVP, Operations

25. Northwestern Mutual

Financed in 2006: \$4.1 billion

720 E. Wisconsin Ave.

Milwaukee, WI 53202

Phone: (414) 271-1444

Website: www.northwesternmutualinvestments.com

Officers: Mason Ross, Chief Investment Officer; David C. Clark, Real Estate VP; Mike Cusick, Managing Director of Real Estate for Northwestern Mutual



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TOP 25 FINANCIAL INTERMEDIARIES

1. Bank of America

Arranged in 2006: \$98.8 billion
100 N. Tryon St.
Charlotte, NC 28255
Email: commercialrealestate@bankofamerica.com
Website: www.bankofamerica.com/commercialre
Officers: Eugene J. Godbold, President, Commercial Real Estate Banking; Ron D. Sturzenegger, Managing Director/Global Head of Real Estate & Lodging; George G. Ellison, Managing Director/Head Global Structured Product Origination/Principal Finance

2. HFF (Holliday Fenoglio Fowler LP)

Arranged in 2006: \$22.1 billion
9 Greenway Plaza, Suite 700
Houston, TX 77046
Phone: (713) 852-3500
Fax: (713) 527-8725
Website: www.hfflp.com
Officers: John H. Pelusi Jr., Executive Managing Director/Managing Member; Mark D. Gibson, Executive Managing Director; Myra Moren, Director, Marketing & Research

3. Eastdil Secured

Arranged in 2006: \$22.05 billion
40 W. 57th St.
New York, NY 10019
Phone: (800) 323-0278
Fax: (212) 315-3602
Email: dstout@eastdilsecured.com
Website: www.eastdilsecured.com
Officers: Benjamin V. Lambert, Chairman; Roy H. March, CEO; D. Michael Van Konyenburg, President
**subsidiary of Wells Fargo & Co.*

4. CB Richard Ellis Capital Markets

Arranged in 2006: \$20.7 billion
2800 Post Oak Blvd., Suite 2100
Houston, TX 77056
Phone: (713) 787-1900
Fax: (713) 787-1998
Website: www.cbremelody.com
Officers: Brian Stoffers, President; Jeff

Majewski, COO; Tom Melody, Vice Chairman; Jennifer Uschold, Marketing Manager

5. Meridian Capital Group

Arranged in 2006: \$17.4 billion
1 Battery Park Plaza
New York, NY 10004
Phone: (212) 972-3600
Fax: (212) 612-0100
Email: sales@meridiancapital.com
Website: www.meridiancapital.com
Officers: Ralph Herzka, President/CEO; Alan Fishman, Chairman; Aaron Birnbaum, EVP; Alyssa Hall, Marketing Director

6. NorthMarq Capital Inc.

Arranged in 2006: \$12.8 billion
3500 American Boulevard West
Bloomington, MN 55431
Phone: (952) 356-0100
Fax: (952) 356-0099
Email: info@northmarq.com
Website: www.northmarq.com
Officers: Edward Padilla, CEO; Craig Butchenhart, President; Lawrence Stephenson, EVP; Michael Myers, EVP

7. Wachovia

Arranged in 2006: \$11 billion
301 S. College St.
Charlotte, NC 28202
Phone: (704) 383-0018
Fax: (704) 383-7895
Email: ryan.poulsen@wachovia.com
Website: www.wachovia.com
Officers: Bill Green, Managing Director/Head of Real Estate Capital Markets; Charles Culbreth, Managing Director; Robert Verrone, Managing Director; Brett Smith, Managing Director

8. Capmark Financial Group Inc.

Arranged in 2006: \$8.9 billion
411 Borel Ave., Suite 320
San Mateo, CA 94402
Phone: (650) 572-6600
Website: www.capmark.com
Officers: William F. Aldinger III, CEO; Barry Gersten, EVP; Morgan G. "Jerry"

Earnest, EVP

9. Q10 Capital LLC

Arranged in 2006: \$6.1 billion
111 E. Broadway, Suite 1250
Salt Lake City, UT 84111
Phone: (801) 323-1088
Fax: (801) 323-1089
Email: bstout@q10capital.com
Website: www.q10capital.com
Officers: Robert M. Stout, President; James M. Murphy, Chairman; Athena Maris, Lloyd Maris Advertising

10. Sonnenblick-Goldman LLC

Arranged in 2006: \$5.6 billion
712 Fifth Ave.
New York, NY 10019
Phone: (212) 841-9200
Fax: (212) 262-4224
Email: aoliver@sonngold.com
Website: www.sonngold.com
Officers: Steven Kohn, President; Andrew Oliver, Managing Director/Principal; Maria Spalt, Marketing Director

11. The Ackman-Ziff Real Estate Group

Arranged in 2006: \$5.1 billion
110 E. 42 St.
New York, NY 10017
Phone: (212) 697-3333
Fax: (212) 697-0229
Website: www.ackmanziff.com
Officers: Larry Ackman, Chairman; Simon Ziff, President

12. Cohen Financial

Arranged in 2006: \$4.08 billion
Two N. LaSalle St., Suite 800
Chicago, IL 60602
Phone: (312) 346-5680
Fax: (312) 346-6669
Website: www.cohenfinancial.com
Officers: Jack M. Cohen, CEO; Tim Mazzetti, EVP; Bill Wein, EVP, Capital Markets; Joe Vitek, Brand Manager

13. Johnson Capital

Arranged in 2006: \$4 billion
18101 Von Karman Avenue, Suite 1050

Irvine, CA 92612
 Phone: (949) 660-1999
 Fax: (949) 660-1998
 Website: www.johnsoncapital.com
 Officers: Guy Johnson, President; Tom Copeman, COO; Cliff Carnes, SVP, Operations

14. iCap Realty Advisors LLC
Arranged in 2006: \$2.4 billion
 4576 Research Forest Dr.
 The Woodlands, TX 77381
 Phone: (713) 888-4227
 Fax: (713) 561-0743
 Email: headquarters@icaprealty.com
 Website: www.iCapRealty.com
 Officers: Paul Gardaphe, President/COO; Don Hickey, Chairman of the Board of Managers; Alfie Means, Principal; Corinne Laird, Marketing Director

15. Capstone Realty Advisors
Arranged in 2006: \$2.05 billion
 1120 Chester Ave., Suite 300
 Cleveland, OH 44114
 Phone: (216) 902-8500
 Fax: (216) 902-8501
 Website: www.capstone-realty.com
 Officers: Jim Doyle, President; Ned Huffman, CFO; David Davenport, SVP; Linda Hayes, Marketing/PR Director

16. Inland Mortgage Corp.
Arranged in 2006: \$1.6 billion
 2901 Butterfield Rd.
 Oak Brook, IL 60523
 Phone: (630) 218-8000
 Fax: (630) 218-4961
 Email: lundin@inlandmtg.com
 Website: www.inlandmtg.com
 Officers: Raymond E. Petersen, President; Gail Gress, SVP; Leslie Lundin, SVP/National Director of Originations; Bella Zielinski, President, Inland Communications

17. Marcus & Millichap Capital Corp.
Arranged in 2006: \$1.4 billion
 19800 MacArthur Blvd., Suite 150
 Irvine, CA 92612
 Phone: (949) 851-3030

Fax: (949) 851-8754
 Email: whughes@marcusmillichap.com
 Website: www.mmcapcorp.com
 Officers: Harvey Green, President; William Hughes, SVP; Greg Miskovsky Sr., Director; Hessam Nadji, Managing Director

18. Walker & Dunlop
Arranged in 2006: \$1.3 billion
 7501 Wisconsin Ave., #1200
 Bethesda, MD 20814
 Phone: (301) 215-5500
 Fax: (301) 634-2150
 Email: info@walkerdunlop.com
 Website: www.walkerdunlop.com
 Officers: William Walker, President/CEO; J. Tyler Blue, SVP; William Walker, President/CEO; William P. McKinney, VP, Marketing

19. Meredith & Grew Inc.
Arranged in 2006: \$1.2 billion
 160 Federal St.
 Boston, MA 02110
 Phone: (617) 330-8050
 Fax: (617) 330-8149
 Email: KCPhelan@m-g.com
 Website: www.m-g.com
 Officers: Kevin C. Phelan, EVP; Thomas J. Hynes Jr., President; Mellisa J. Browne, Director of Marketing

20. Bluestone Real Estate Capital LLC
Arranged in 2006: \$975 million
 1717 Arch St., Suite 4120
 Philadelphia, PA 19103
 Phone: (215) 717-2227
 Fax: (215) 717-1080
 Email: mmcmanus@bluestonecap.com
 Website: www.bluestonecap.com
 Officers: Matthew E. McManus, Chairman; Andrew Benioff, Managing Director; Kris Wood, Managing Director; Sue Moses, Director of Marketing and Operations

21. David Cronheim Mortgage Corp.
Arranged in 2006: \$857 million
 205 Main St.
 Chatham, NJ 07928

Phone: (973) 635-6800
 Fax: (973) 635-6091
 Email: andrew@cronheimmort.com
 Website: www.cronheimmort.com
 Officers: Andrew Stewart, CEO; Dev Morris, Principal; Andrew Stewart, CEO; Caryn Feldman, Director of Marketing

22. Tremont Realty Capital
Arranged in 2006: \$850 million
 800 Boylston St., Suite 401
 Boston, MA 02199
 Phone: (617) 867-0700
 Fax: (617) 867-0077
 Website: www.tremontcapital.com
 Officers: Richard Gallitto, Executive Director; Daniel Mee, Executive Director; David Ross, Managing Director

23. Dwinn-Shaffer & Co.
Arranged in 2006: \$805 million
 30 W. Monroe St., Suite 1610
 Chicago, IL 60603
 Phone: (312) 346-9191
 Fax: (312) 346-2613
 Website: www.dwinn.com
 Officers: Leonard "Bud" Wineburgh, Chairman/CEO; Lance Mayster, President

24. Metropolitan Capital Advisors
Arranged in 2006: \$775 million
 18111 Preston Rd., Suite 650
 Dallas, TX 75252
 Phone: (972) 267-0600
 Fax: (972) 267-0606
 Email: gjohnson@metcapital.com
 Website: www.metcapital.com
 Officers: Scott R. Lynn, Director/Principal

25. Dominion Healthcare Financial Corp.
Arranged in 2006: \$705 million
 11355 W. Olympic Blvd., Suite 210
 Los Angeles, CA 90064
 Phone: (310) 477-3041
 Fax: (310) 477-1601
 Email: paul@dominfin.com
 Website: www.dominfin.com
 Officers: Paul S. Horvitz, President; Keith A. Olson, EVP

Shadow Space Hurts Apartment Market

Sales drop in first quarter, but occupancy still strong as demand proves to be quite healthy.

Apartment building sales braked in the first quarter of 2007, and analysts predict that after a dizzying climb in investment activity over the last six years, the total dollar value of transactions in 2007 will dip. The so-called shadow market of unsold condos and houses competing for renters is having a strong effect, slashing demand for traditional apartments, say some experts.

The shadow market's impact has already been dramatic, asserts Ron Witten, president of Dallas-based Witten Advisors LLC, a multifamily consulting firm. "It would appear to us that rental demand is probably less than half of what it would normally be given the pace of the growth of the economy. It looks like this other housing competition is draining at least half the demand," Witten says.

Nationally, the number of excess housing units outside the apartment market totals more than one million, including 300,000 excess single-family homes for rent, and an inventory of 600,000 excess houses for sale, which could become rentals, as well as 150,000 additional condos languishing unsold on the residential market, Witten says. While many available houses and condos were owner-occupied, others were bought by investors specifically to be rented, he adds.

In the first quarter of 2007, about \$20 billion in apartment transactions were recorded in the U.S. compared with \$26 billion in first-quarter 2006, according to data researcher Real Capital Analytics. That's a 23% drop year over year. The U.S. Census Bureau reports that the 196,000 privately owned housing units completed in May 2007 represented a 22.5% drop over the 253,000 completed in May 2006.

"It looks like we'll see transactions decline from 2006," when annual volume reached \$90 billion, says Mark

Obrinsky, chief economist for the National Multi Housing Council, but the number of deals will still be high compared with five years ago.

To say that the last five years have been a seller's market would be a gross understatement. The total value of apartment transactions has nearly quadrupled over that stretch, rising from \$23 billion in 2002 to \$51 billion in 2004 and \$90 billion last year.

"The big wild card is what people call the 'shadow' rental market, the for-sale housing units that might come into the rental market," Obrinsky observes.

NMHC's ranking of the Top Multifamily Owners reflects changes in the marketplace, though the leaders remain familiar. AIMCO, based in Denver, is still ranked No. 1, but Baltimore-based MMA Financial LLC moved up from third to second place. Equity Residential dropped a notch to third in the rankings. The list contains a few surprises. American Management Services of Seattle, doing business as Pinnacle, climbed from 21st place in last year's survey to 14th this year.

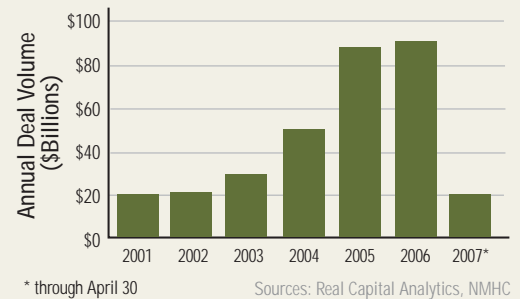
Occupancy climbs

Meanwhile, the apartment industry's 18 million investment-grade units, mainly properties containing at least 50 units, are 95% occupied, Witten says, indicating a healthy market. He expects further industry adjustment for the rest of 2007, as competition from non-apartment housing stays intense.

National figures available from Reis, a real estate research and consulting firm, show that about 545,000 of the nation's investment-grade apartment units were vacant in 2006, while 8.7 million were occupied. For 2007, the projected num-

APARTMENT TRANSACTIONS SLOW

After climbing for six years, the value of investment-grade apartment property sales dropped in the first quarter of 2007. Analysts predict this year's sales will drop.



ber of vacant units is about 578,000, while the number of occupied units is expected to climb to 8.8 million units. Effective rents have been climbing from \$930 in 2006 to a projected \$967 in 2007, according to Reis.

As for sales, the NMHC index, which tracks apartment property sales, dropped to a score of 38 in April, down from 41 in January and a robust 66 in July 2005. An index reading above 50 indicates increasing multifamily sales; an index below 50 indicates decreasing sales volume. NMHC economists anticipate high, though not record, sales and improving demand for apartment rentals later in 2007.

Encroachment from the shadow market is hard to gauge, says Paul Emrath, an economist at the National Association of Home Builders in Washington, D.C. "You don't see the breakdown right away."

A recent rise in interest rates could cause cap rates on apartment properties to climb after years of compression. The benchmark 10-year Treasury yield rose to 5.25% in early June, far above May levels, before dipping again. Sustained interest rates of 5.5% or higher could have a negative effect, Obrinsky anticipates.

Still, Hessam Nadji, research director at Marcus & Millichap, a real estate investment services firm in Encino, Calif., isn't worried. The market is transitioning after a period of robust rental growth to a more normal market, he says. "We're still seeing a pretty healthy supply and demand."

— Denise Kalette

TOP 25 APARTMENT OWNERS

The following is a condensed version of the apartment owners portion of the 2007 NMHC 50, an annual ranking of the 50 largest U.S. apartment owners and managers published in NREI's April issue. The companies below are ranked according to the number of apartment units in which they had an ownership interest as of Jan. 1, 2007.

- | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. AIMCO
Headquarters:
Denver, CO
CEO: Terry Considine
Apartments with Ownership
Interest: 211,800</p> | <p>Apartments with Ownership
Interest: 84,176</p> | <p>12. Camden Property Trust
Headquarters:
Houston, TX
CEO: Warren Rose
Apartments with Ownership
Interest: 63,843</p> |
| <p>2. MMA Financial LLC
Headquarters:
Baltimore, MD
CEO: Michael L. Falcone
Apartments with Ownership
Interest: 177,062</p> | <p>7. The Enterprise Community
Investment, Inc.
Headquarters:
Columbia, MD
CEO: Jeffrey H. Donahue
Apartments with Ownership
Interest: 82,270</p> | <p>13. Edward Rose Building Enterprise
Headquarters:
Farmington Hills, MI
CEO: Sheldon Rose
Apartments with Ownership
Interest: 53,195</p> |
| <p>3. Equity Residential
Headquarters:
Chicago, IL
CEO: David J. Neithercut
Apartments with Ownership
Interest: 165,716</p> | <p>8. The Richman Group Affordable
Housing Corp.
Headquarters:
Greenwich, CT
CEO: Richard P. Richman
Apartments with Ownership
Interest: 74,517</p> | <p>14. American Management Services
(dba Pinnacle)
Headquarters:
Seattle, WA
CEO: Stan J. Harrelson
Apartments with Ownership
Interest: 50,514</p> |
| <p>4. Boston Capital Corp.
Headquarters:
Boston, MA
CEO: Jack Manning
Apartments with Ownership
Interest: 156,758</p> | <p>9. United Dominion Realty
Trust Inc.
Headquarters:
Littleton, CO
CEO: Thomas W. Toomey
Apartments with Ownership
Interest: 70,339</p> | <p>15. Fairfield Residential LLC
Headquarters:
San Diego, CA
CEO: Christopher E. Hashioka
Apartments with Ownership
Interest: 50,450</p> |
| <p>5. SunAmerica Affordable Housing
Partners Inc.
Headquarters:
Los Angeles, CA
CEO: Michael L. Fowler
Apartments with Ownership
Interest: 145,224</p> | <p>10. GE Real Estate
Headquarters:
Stamford, CT
CEO: Michael Pralle
Apartments with Ownership
Interest: 67,561</p> | <p>16. AvalonBay Communities Inc.
Headquarters:
Alexandria, VA
CEO: Bryce Blair
Apartments with Ownership
Interest: 48,294</p> |
| <p>6. Archstone-Smith
Headquarters:
Englewood, CO
CEO: R. Scot Sellers</p> | <p>11. PNC MultiFamily Capital
Headquarters:
Portland, OR
CEO: Don Giffen
Apartments with Ownership
Interest: 64,013</p> | <p>17. BlackRock Realty
Headquarters:
Florham Park, NJ
CEO: Fred Lieblich</p> |

Apartments with Ownership
Interest: 48,135

18. Lincoln Property Co.
Headquarters:
Dallas, TX
CEO: J. Timothy Byrne
Apartments with Ownership
Interest: 46,938

19. Wachovia
Headquarters:
Charlotte, NC
CEO: Brett Smith
Apartments with Ownership
Interest: 46,351

20. Sentinel Real Estate Corporation
Headquarters:
New York, NY
CEO: John H. Streicker

Apartments with Ownership
Interest: 45,293

21. WNC & Associates, Inc.
Headquarters:
Irvine, CA
CEO: Wilfred N. Cooper Jr.
Apartments with Ownership
Interest: 44,644

22. Alliance Holdings, LLC
Headquarters:
Chicago, IL
CEO: Andrew W. Schor
Apartments with Ownership
Interest: 41,517

23. Forest City Residential Group, Inc.
Headquarters:
Cleveland, OH
CEO: Ronald A. Ratner

Apartments with Ownership
Interest: 41,503

24. Michaels Development Co.
Headquarters:
Marlton, NJ
CEO: Michael J. Levitt
Apartments with Ownership
Interest: 41,381

25. CnC Investments Ltd., LLP
Headquarters:
Houston, TX
CEO: Charlie Yalamanchili
Apartments with Ownership
Interest: 40,330

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TOP 25 APARTMENT MANAGERS

The following is a condensed version of the apartment management portion of the 2007 NMHC 50, an annual ranking of the 50 largest U.S. apartment owners and managers published in *NREI's* April issue. The companies below are ranked according to the number of apartment units they managed as of Jan. 1, 2007.

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. AIMCO
Headquarters:
Denver, CO
CEO: Terry Considine
Apartments with Management
Interest: 209,412</p> | <p>Apartments with Management
Interest: 84,176</p> | <p>12. Fairfield Residential LLC
Headquarters:
San Diego, CA
CEO: Christopher E. Hashioka
Apartments with Management
Interest: 58,348</p> |
| <p>2. Equity Residential
Headquarters:
Chicago, IL
CEO: David J. Neithercut
Apartments with Management
Interest: 165,716</p> | <p>7. Greystar Real Estate
Partners LLC
Headquarters:
Charleston, SC
CEO: Robert A. Faith
Apartments with Management
Interest: 80,911</p> | <p>13. Edward Rose Building Enterprise
Headquarters:
Farmington Hills, MI
CEO: Warren Rose
Apartments with Management
Interest: 50,937</p> |
| <p>3. Apartment Investment
and Management Co.
Headquarters:
Denver, CO
CEO: Stan Harrelson
Apartments with Management
Interest: 144,327</p> | <p>8. United Dominion Realty
Trust Inc.
Headquarters:
Littleton, CO
CEO: Thomas W. Toomey
Apartments with Management
Interest: 70,339</p> | <p>14. Capstone Real Estate Services,
Inc.
Headquarters:
Austin, TX
CEO: James W. Berkey
Apartments with Management
Interest: 50,597</p> |
| <p>4. Lincoln Property Co.
Headquarters:
Dallas, TX
CEO: J. Timothy Byrne
Apartments with Management
Interest: 126,104</p> | <p>9. Wachovia
Headquarters:
Charlotte, NC
CEO: Brett Smith
Apartments with Management
Interest: 69,558</p> | <p>15. AvalonBay Communities Inc.
Headquarters:
Alexandria, VA
CEO: Bryce Blair
Apartments with Management
Interest: 48,294</p> |
| <p>5. CAS, Riverstone/Banyan
Headquarters:
Dallas, TX and Rockville, MD
CEO: Christine Freeland
Apartments with Management
Interest: 91,250</p> | <p>10. WinnCompanies
Headquarters:
Boston, MA
CEO: Samuel Ross
Apartments with Management
Interest: 65,087</p> | <p>16. BlackRock Realty
Headquarters:
Florham Park, NJ
CEO: Fred Lieblich
Apartments with Management
Interest: 48,135</p> |
| <p>6. Archstone-Smith
Headquarters:
Englewood, CO
CEO: R. Scot Sellers</p> | <p>11. Camden Property Trust
Headquarters:
Houston, TX
CEO: Richard J. Campo
Apartments with Management
Interest: 64,063</p> | <p>17. The ConAm Group of Cos.
Headquarters:
San Diego, CA</p> |

CEO: J. Bradley Forrester
Apartments with Management
Interest: 46,501

18. Sentinel Real Estate Corporation
Headquarters:
New York, NY
CEO: John H. Streicker
Apartments with Management
Interest: 45,293

19. FPI Management Inc.
Headquarters:
Folsom, CA
CEO: Dennis Treadaway
Apartments with Management
Interest: 44,288

20. Picerne Real Estate Group
Headquarters:
Warwick, RI

CEO: David R. Picerne
Apartments with Management
Interest: 42,016

21. Alliance Holdings, LLC
Headquarters:
Chicago, IL
CEO: Andrew W. Schor
Apartments with Management
Interest: 41,517

22. Michaels Development Co.
Headquarters:
Marlton, NJ
CEO: Michael J. Levitt
Apartments with Management
Interest: 41,381

23. Alliance Residential Company
Headquarters:
Phoenix, AZ

CEO: Bruce Ward
Apartments with Management
Interest: 41,201

24. Colonial Properties Trust
Headquarters:
Birmingham, AL
CEO: C. Reynolds Thompson, III
Apartments with Management
Interest: 40,571

25. Mid-America Apartment
Communities Inc.
Headquarters:
Memphis, TN
CEO: H. Eric Bolton, Jr.
Apartments with Management
Interest: 40,293

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The 'Densification' of Shopping Centers

Limited buying opportunities send owners into development mode with a mixed-use twist.

At the beginning of this decade the nation's largest shopping center owners were in a race to pump up their portfolios, acquiring assets at a breathtaking pace. In the past year, however, the buyout binge has been halted at most major companies that have turned instead to investing in their existing properties. They're practicing retail "densification," a buzzword for building more product above and around shopping centers they already own.

This new style of development often involves multiple uses. Old regional malls and neighborhood centers and strip centers are being refashioned as town centers with owners adding restaurants, offices, condos and hotels as they erect fresh mosaics of non-retail tenants supplementing department and specialty stores.

General Growth Properties saw its retail holdings shrink 1% in 2006 to 178 million sq. ft., according to this year's survey of shopping center owners. The Chicago-based REIT has practically turned its back on the acquisition market as capitalization rates on shopping centers have often fallen below 7%. "A lot of consolidation in malls has already taken place by now," says Robert Michaels, president and chief operating officer of General Growth. "With cap rates so low, it's difficult to acquire properties today and have them make sense as an investment."

Moving outside its comfort zone

General Growth is placing its bets on development and redevelopment. The company will unveil in September its rehabbed Natick Mall in suburban Boston. It's been enlarged from 1.1 to 1.6 million sq. ft. with the addition of Nordstrom and Neiman Marcus as new department store anchors alongside a half-dozen or more restaurants.

Above the stores, the company is building 210 condos. A hotel is being read-

ied for the next phase. All of this construction is occurring within the original footprint of the shopping center, and General Growth is managing the project without enlisting the help of hotel or residential specialists.

"We hadn't done any residential in many years," says Michaels of General Growth. "Densification will become a very important part of our redevelopment efforts at existing centers. The idea is to bring more people to these shopping destinations."

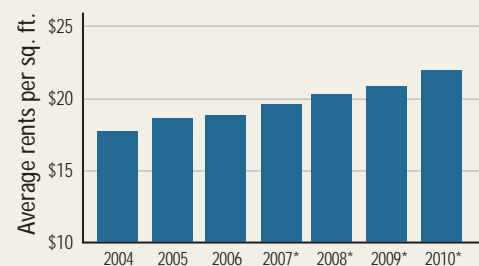
In Houston, CBL & Associates Properties is in the middle of work on Pearland Town Center, a 1.2 million sq. ft. mixed-use facility that will feature a lifestyle center with 300 apartments, 50,000 sq. ft. of offices and a Courtyard by Marriott hotel, all placed above the stores. Marriott has never built a Courtyard above retail stores in the suburbs before.

What do you call Pearland? "A town center is the best name I know of," says Stephen Lebovitz, president of CBL in Chattanooga, Tenn., ranked No. 7 in the survey with 72.2 million sq. ft. in its portfolio. "Retail remains the primary component, the glue that holds everything together. But we're adding other uses to broaden the attraction for the consumer. We're building vertical to take better advantage of our infrastructure. This is a new format for Marriott," says Lebovitz.

A few years ago major big-box retailers such as Home Depot and Wal-Mart began putting up two-story branch stores in inner-city neighborhoods where space was at a premium. Now, the idea is spreading to the suburbs, too. Edens & Avant LLP of Columbia, S.C., which has a portfolio of 16.4 million sq. ft. of retail, recently broke ground on its 193,000 sq. ft. Shoppes at Page Pointe in Stoughton, Mass., a Boston suburb, which will feature

SHOPPING CENTER RENTS CLIMB STEADILY

The shining star in commercial real estate for several years running has been the retail sector because of its reliable performance. In terms of rents, the outlook appears bright.



Data covers neighborhood and community shopping centers in urban markets, but excludes malls

*forecast

Source: Reis

a rare two-story Target format.

A decade ago Edens & Avant accomplished 80% of its growth via acquisition. Today the company's growth is two-thirds focused on development. "To get the best returns today, you develop yourself," says CEO Terry Brown. Or you redevelop, he adds. Edens & Avant is demalling its 241,000 sq. ft. enclosed Norwichtown Mall in Norwich, Conn., and giving it lifestyle center features. "It was an underutilized piece of real estate," Brown says.

Consolidation still a force

That's not to say M&A activity has ceased. In February, a unit of the Inland Real Estate Group of Cos. in Oak Brook, Ill., sold 36 million sq. ft. across 328 properties to Developers Diversified Realty of Beachwood, Ohio, for \$6.2 billion.

George Pandaleon, president of Inland Institutional Capital Partners, says the assets were tied up in a fund started in 1999. Investors in the fund received annual dividends of 8.3%, and the selling price was a 40% profit on the average purchase price of investors' shares in the fund.

Inland, which once financed most of its own deals, often pursues joint venture partners. In June, the company invested \$250 million in Lauth Group Inc., a developer of commercial property.

Inland has long coveted a means to develop new assets without the need to erect a development division, says Pandaleon. Earlier, Inland announced a joint venture fund of \$1 billion with Morgan Stanley Real Estate.

— H. Lee Murphy

TOP 25 SHOPPING CENTER OWNERS

The Top Shopping Center Owners ranking originally appeared in sister publication *Retail Traffic*. The listing is based on total retail GLA owned as of Dec. 31, 2006. Totals do not include Simon Property Group's acquisition of Mills Corp.; Developers Diversified Realty's purchase of Inland Retail Real Estate Trust; and Centro Watt's buyout of New Plan.

1. Simon Property Group

Total GLA Owned: 201 million sq. ft.
225 W. Washington St.
Indianapolis, IN 46204
PH: 317.636.1600 FAX: 317.685.7270
www.simon.com
David Simon, CEO;
Richard S. Sokolov, President & CFO;
Gary Lewis, President, Leasing Division

2. General Growth Properties

Total GLA Owned: 178 million sq. ft.
110 N. Wacker Dr.
Chicago, IL 60606
PH: 312.960.5000 FAX: 312.960.5135
www.ggp.com
nspreck@generalgrowth.com
John Bucksbaum, CEO; Bernie
Freibaum, CFO; Bob Michaels, President
& COO;
Tom D'Alesandro, SVP, Development

3. Kimco Realty Corp.

Total GLA Owned: 158 million sq. ft.
3333 New Hyde Park Rd.
New Hyde Park, NY 11042
PH: 516.869.9000 FAX: 516.869.7250
www.kimcorealty.com
alang@kimcorealty.com
Milton Cooper, CEO; Michael Flynn,
President; Joe Denis, VP

4. Developers Diversified Realty

Total GLA Owned: 117 million sq. ft.
3300 Enterprise Pkwy.
Beachwood, OH 44122
PH: 216.755.5500 FAX: 216.755.1500
www.ddr.com
Scott A. Wolstein, Chairman & CEO;
David M. Jacobstein, President & COO;
Robin R. Walker-Gibbons, EVP, Leasing;
John W. Sabatos, VP, Construction

5. The Inland Real Estate Group of Cos. Inc.

Total GLA Owned: 116 million sq. ft.
2901 Butterfield
Oak Brook, IL 60523
PH: 630.218.8000 FAX: 630.218.8039
www.inlandgroup.com
cater@inlandgroup.com
Dan Goodwin, Chairman, CEO; Tom
McGuiness, President of Property
Management Groups; Naill Byrne, VP,
Inland Western Management, Scott Carr,
President, Inland Commercial Property
Management; Tom Lithgow, VP,
Property Management, Inland American
Management

6. Macerich

Total GLA Owned: 77 million sq. ft.
401 Wilshire Boulevard, Ste. 700
Santa Monica, CA 90401
PH: 310.394.6000 FAX: 310.395.2791
www.macerich.com
Arthur M. Coppola, President & CEO;
Thomas E. O'Hern, CFO & Treasurer;
Tom Unis, SVP, Lease Management;
John Genovese, SVP, Real Estate

7. CBL & Associates Properties Inc.

Total GLA Owned: 72.2 million sq. ft.
CBL Center, Ste. 500
2030 Hamilton Place Blvd.
Chattanooga, TN 37421-6000
PH: 423.855.0001 FAX: 423.490.8662
www.cblproperties.com
info@cblproperties.com
Charles B. Lebovitz, Chairman & CEO;
John N. Foy, Vice Chairman & CFO; Eric
Snyder, SVP & Director of Corporate
Leasing; Michael I. Lebovitz, Chief
Development Officer & SVP

8. New Plan

Total GLA Owned: 68.3 million sq. ft.
420 Lexington Ave.

New York, NY 10170
PH: 800.468.7526 FAX: 212.869.3989
www.newplan.com
corporatecommunications@newplan.com
Glenn J. Rufrano, CEO;
John Roche, EVP & CFO;
Michael Carroll, EVP, Real Estate
Operations;
Charles Burkert, SVP, Construction

9. Westfield LLC

Total GLA Owned: 65 million sq. ft.
11601 Wilshire Blvd., 11th Fl.
Los Angeles, CA 90025
PH: 310.478.4456
www.westfield.com
Peter Lowy, CEO & Group Managing
Director; Kenneth Wong, President &
Managing Director

10. Regency Centers

Total GLA Owned: 47.1 million sq. ft.
One Independent Dr., Ste. 114
Jacksonville, FL 32202
PH: 904.598.7000
www.regencycenters.com
Hap Stein, CEO; Mary Lou Fiala, COO;
John Delatour, Managing Director West;
Jim Thompson, Managing Director East;
Brian Smith, Chief Investment Officer

11. Mills Corp.

Total GLA Owned: 47 million sq. ft.
5425 Wisconsin Ave., Ste. 500
Chevy Chase, MD 20815
PH: 301.968.6000
www.themills.com
Mark S. Ordan, President & CEO;
Richard Nadeau, EVP & CFO

12. Centro Watt

Total GLA Owned: 46.1 million sq. ft.
580 West Germantown Pike, Ste. 200
Plymouth Meeting, PA 19462

PH: 610.825.7100 FAX: 610.834.8110
www.centrowatt.com
info@centrowatt.com
 Michael Moss, VP, National Director,
 Leasing; Dennis Connolly, VP,
 Development & Construction

13. Weingarten

Total GLA Owned: 42 million sq. ft.
 2600 Citadel Plaza Dr., Ste. 300
 Houston, TX 77008
 PH: 713.866.6000 FAX: 713.866.6049
www.weingarten.com
 Andrew M. Alexander, President & CEO;
 Stanford Alexander, Chairman; Patricia
 A. Bender, SVP & Director, Leasing;
 Robert Smith, SVP & Director, New
 Development

14. The Cordish Co.

Total GLA Owned: 40 million sq. ft.
 601 E. Pratt St., 6th Fl.
 Baltimore, MD 21202
 PH: 410.252.5444 FAX: 401.659.9491
www.cordish.com
 David Cordish, Chairman;
 Blake Cordish, VP;
 Gary Black, VP

15. Pennsylvania Real Estate Investment Trust

Total GLA Owned: 27 million sq. ft.
 200 S. Broad St.
 Philadelphia, PA 19102
 PH: 215.875.0700 FAX: 215.546.7311
www.preit.com
 Ronald Rubín, Chairman & CEO; Ed
 Glickman, President & COO; Tim
 Rubín, EVP, Leasing;
 Tim Tremel, VP, Construction & Design
 Services

16. Garden Commercial Properties

Total GLA Owned: 26.8 million sq. ft.
 820 Morris Tpke.
 Short Hills, NJ 07078
 PH: 973.467.5000 FAX: 973.467.3480
www.gardencommercial.com
retail@gardenhomes.com

Leonard Wilf, CEO; Zygmunt Wilf,
 President; Mario Dudzinski, VP, Real
 Estate; Scott Loventhal, Director,
 Development

17. THF Realty

Total GLA Owned: 25.5 million sq. ft.
 2127 Innerbelt Business Center Dr.
 St. Louis, MO 63114
 PH: 314.429.0900 FAX: 314.429.0999
www.thfrealty.com
 E. Stanley Kroenke, Chairman;
 Michael H. Staenberg, President

18. Benderson Development

Total GLA Owned: 25 million sq. ft.
 8441 Cooper Creek Blvd.
 Univeristy Park, FL 34201
 PH: 941.359.8303 FAX: 941.359.1836
www.benderson.com
 Randy Benderson, President;
 Shaun Benderson, VP;
 Mike Mundy, SVP Leasing; Vern Varella, VP

19. Glimcher Realty Trust

Total GLA Owned: 24.7 million sq. ft.
 150 E. Gay St.
 Columbus, OH 43215
 PH: 614.621.9000 FAX: 614.621.9321
www.glimcher.com
 Michael P. Glimcher, President & CEO;
 Mark E. Yale, EVP & CFO

20. Vornado Realty Trust

Total GLA Owned: 24.2 million sq. ft.
 888 Seventh Ave.
 New York, NY 10019
 PH: 212.894.7000 FAX: 212.894.7995
www.vno.com
 Steven Roth, Chairman & CEO;
 Michael D. Fascitelli, President; Sandeep
 Mathrani, EVP; John Birnbaum, SVP;
 Peter Michelis, SVP

21. Taubman Centers Inc.

Total GLA Owned: 23.9 million sq. ft.
 200 E. Long Lake Rd., Ste. 300
 Bloomfield Hills, MI 48303
 PH: 248.258.6800 FAX: 248.258.7697

www.taubman.com
bbaker@taubman.com
 Robert S. Taubman, Chairman, President
 & CEO; Lisa A. Payne, Vice Chairman &
 CFO; David I. Weinert, SVP, Leasing;
 Steven J. Kieras, SVP, Development

22. Casto

Total GLA Owned: 20 million sq. ft. (tie)
 191 W. Nationwide Blvd., Ste. 200
 Columbus, OH 43215
 PH: 888.400.0878 FAX: 614.774.2048
www.castoinfo.com
info@castoinfo.com
 Don M. Casto, III, Partner; Frank S.
 Benson, III, Partner; Larry Scanlon,
 Director of Leasing; Dan O'Harra, EVP

22. National Realty & Development Corp.

Total GLA Owned: 20 million sq. ft. (tie)
 3 Manhattanville Rd.
 Purchase, NY 10577
 PH: 914.694.4444 FAX: 914.694.5448
www.nrdc.com
 Robert Baker, Chairman; Richard Baker,
 Co-Chairman; David Spector, Director,
 Leasing; Thomas Marciniak, President,
 Regional Construction

23. Galileo Shopping America Trust

Total GLA Owned: 19.6 million sq. ft.
 1 Alfred St. LV9 Gold Fields House
 Sydney, NSW, Australia 2000
 PH: 61.2.9240.0333 FAX: 61.2.9240.0300
www.galileofunds.com.au
 Neil Werrett, Managing Director & CEO;
 Susan McDonald, COO

24. Federal Realty Investment Trust

Total GLA Owned: 19.5 million sq. ft.
 1626 E. Jefferson St.
 Rockville, MD 20852
 PH: 301.998.8100 FAX: 301.998.3700
www.federalrealty.com
 Don Wood, President & CEO; Larry
 Finger, EVP, CFO & Treasurer; Chris
 Weilminster, SVP, Leasing; Don Briggs,
 SVP, Development

Unfazed by Hotel Starts

Investors remain bullish on hospitality sector, even though growth in room supply is forecast to reach eight-year high.

After four years of banner performance, the U.S. hotel market faces two questions: Can occupancy demand keep pace with a fat pipeline of new room supply? And will liquidity suffer, if fundamentals start to decline?

"The number of new hotels being built has ramped up over the past 12 months, and we expect to see that activity increase," says Bjorn Hanson, head of hospitality and leisure at PricewaterhouseCoopers.

Hanson forecasts that 2007 will bring the highest number of hotel room starts in eight years. PricewaterhouseCoopers projects that the year-end room supply will increase by 103,000, or 2.3%, during 2007. The last time that annual room growth exceeded 2% was in 1999 near the end of the previous hotel boom. The effects on occupancy, however, will be slight this year, resulting in just a meager drop of 0.2% to 63.2%.

The new supply will not treat each market segment equally. Smith Travel Research forecasts that the luxury hotel and mid-scale without food and beverage segments will post growth in the average daily rate (ADR) of 7.4% and 6.5% respectively in 2007, a decline from 9.1% and 8.5% posted last year.

In April, roughly 49,000 rooms in the mid-scale without food and beverage seg-

ment were under construction, the thickest pipeline of any niche. The luxury segment, with roughly 6,000 rooms underway in April, had the fewest.

To be sure, some hotel rooms have been removed temporarily from the market through conversion activity and obsolescence. Smith Travel Research estimates that roughly 50,000 rooms were culled from the market in 2006, which represented 3% of the existing inventory. Demolitions of existing hotels could temper the rate of new supply growth at the margins, but many of these lost rooms will return to the market through redevelopment, say experts.

Market effects

Certain markets will bear the brunt of the new supply over the next few years. PKF Hospitality Research reports that hotel development through 2011 will accelerate at the fastest pace in Charlotte, Fort Worth, Houston, Nashville and Phoenix.

PKF Consulting President Mark Woodworth says the availability of hotel sites in each of these markets makes them more vulnerable to new development, softening room demand and chipping away at record hotel property values.

HVS International echoes that sentiment. HVS expects just two hotel markets

of \$128,000 in 2009.

The upscale market segment will also see the most new development through the end of 2008. PricewaterhouseCoopers forecasts that upscale room supply will jump by 3% in 2007, followed by another 4.2% increase in 2008. The average increase for new room supply across all hotel segments will rise just 1.9%.

Mixed signals

One leading indicator of optimism is investor willingness to pour capital into individual hotels and portfolios. A host of opportunity funds and institutions gobbled up lodging portfolios during the first half of this year.

In April, Dallas-based hotel REIT Ashford Hospitality Trust, ranked No. 12 on the list of Top Hotel Owners with 15,492 rooms in its portfolio as of Dec. 31, 2006, paid \$2.4 billion for a 13,460-room portfolio. A few days later, Innkeepers USA was taken private by Apollo Investment Corp. for \$800 million.

Several large transactions should propel year-end sales volume into record territory. Last year, a record \$35.3 billion in domestic hotel properties changed hands. According to Chicago-based investment sales firm Jones Lang LaSalle Hotels, that record volume eclipsed the 2005 sales volume of \$19.6 billion.

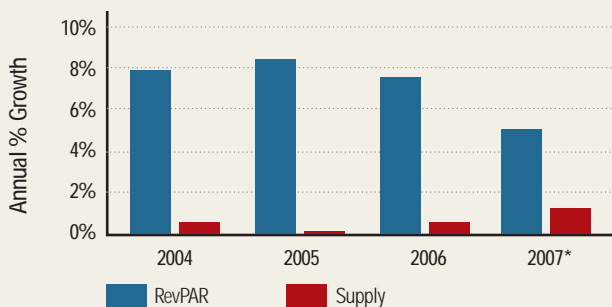
Despite this pent-up demand to buy hotels, one hotel owner/developer believes that operations will increasingly dictate investment decisions in the future. Peter Connolly, a 35-year veteran of the hotel industry, is president of the hotel division at Chicago-based Palladian Development.

"Eventually the liquidity will follow the operating fundamentals," he says. Connolly is currently developing the 75-story luxury hotel Mandarin Oriental Tower just one block east of Michigan Avenue in downtown Chicago. The project, which will include 162 luxury condominiums and 250 hotel rooms, will be completed in 2009. "This business is cyclical and the music will stop," says Connolly. "But I don't expect it to stop before 2009."

— Parke M. Chapman

LIMITED NEW ROOM SUPPLY BOOSTS HOTEL REVENUES

One reason that revenue per available room (RevPAR) has been so robust in recent years is that supply growth has largely been held in check.



* Year-to-date through May 2007

Source: Smith Travel Research

TOP 25 HOTEL OWNERS

Rankings are based on the total number of hotel rooms owned globally as of Dec. 31, 2006. In instances where public hotel companies did not provide the requested data, figures were taken from news releases late in 2006.

1. Accor North America

Total Number of Rooms: 486,000

4001 International Pkwy.

Carrollton, TX 75007

Phone: (972) 360-9000

Officers: Georges Le Mener, President/CEO; Olivier Poirot, CFO/EVP; Carol Ann Kirby, Chief Marketing Officer/EVP

2. Hilton Hotels Corp.

Total Number of Rooms: 483,677

9336 Civic Center Dr.

Beverly Hills, CA 90210

Phone: (310) 205-7696

Officers: Steve Bollenbach, Co-Chairman; Matt Hart, CEO; Bill Fortier, SVP, Franchise Development

3. Host Hotels & Resorts Inc.

Total Number of Rooms: 67,000

6903 Rockledge Dr., Suite 1500

Bethesda, MD 20817

Phone: (240) 744-1000

Officers: Christopher J. Nassetta, President/CEO; W. Edward Walter, EVP/CFO; Jim Risoleo, EVP/Chief Investment Officer

4. Westmont Hospitality Group

Total Number of Rooms: 61,770

8547 San Felipe, Suite 4650

Houston, TX 77057

Phone: (713) 782-9100

Officers: Majid Mangalji, President/Treasurer; Moez Mangalji, VP/Secretary

5. LQ Management LLC

Total Number of Rooms: 47,247

909 Hidden Ridge, Suite 600

Irving, TX 75038

Phone: (214) 492-6600

Officers: Wayne B. Goldberg, President/CEO; Angelo L. Lombardi, EVP/COO; Temple H. Weiss, EVP, Acquisitions & Development

6. Starwood Hotels & Resorts

Total Number of Rooms: 27,760

1111 Westchester Ave.

White Plains, NY 10604

Phone: (914) 640-8100

Officers: Bruce Duncan, Chairman/CEO;

Vasant Prabhu, CFO; Raymond "Rip"

Gellein, President, Global Development Group

7. FelCor Lodging Trust

Total Number of Rooms: 22,036

545 E. John Carpenter, #1300

Irving, TX 75062

Phone: (972) 444-4900

Officers: Richard A. Smith, President/CEO; Andrew J. Welch, EVP/CFO; Mike DeNicola, EVP/Chief Investment Officer

8. ING Clarion

Total Number of Rooms: 20,945

230 Park Ave., 12th Floor

New York, NY 10169

Phone: (212) 883-2500

Officers: Stephen J. Furnary, Chairman/CEO; Jeffrey A. Barclay, Managing Director/Head of Acquisitions; C. Stephen Cordes, Managing Director/Head of Portfolio Management

9. RLJ Development LLC

Total Number of Rooms: 16,646

3 Bethesda Metro Center, Suite 1000

Bethesda, MD 20814

Phone: (301) 280-7750

Officers: Robert L. Johnson, CEO; Thomas J. Baltimore, Jr., President; Ross H. Bierkan, EVP

10. John Q. Hammons Hotels & Resorts

Total Number of Rooms: 16,222

300 John Q. Hammons Pkwy., Suite 900

Springfield, MI 65806

Phone: (417) 864-4300

Officers: John Q. Hammons, Founder/Chairman/CEO; Scott Tarwater, SVP, Development; Joe Morrissey, SVP, Operations

11. Sunstone Hotel Investors Inc.

Total Number of Rooms: 16,218

903 Calle Amanecer, Suite 100

San Clemente, CA 92673

Phone: (949) 369-4204

Officers: Steven Goldman, CEO; Jon D.

Kline, President; Ken Cruse, CFO

12. Ashford Hospitality Trust

Total Number of Rooms: 15,492

14185 Dallas Pkwy., Suite 1100

Dallas, TX 75254

Phone: (972) 490-9600

Officers: Monty J. Bennett, President/CEO; Douglas A. Kessler, COO/Head of Acquisitions; David J. Kimichik, CFO/Head of Asset Management

13. Equity Inns Inc.

Total Number of Rooms: 14,924

7700 Wolf River Blvd.

Germantown, TN 38138

Phone: (901) 754-7774

Officers: Phillip H. McNeill Sr., Chairman of the Board; J. Mitchell Collins, EVP/CFO/Secretary & Treasurer; Howard A. Silver, President/CFO

14. Longhouse Hospitality

Total Number of Hotel Rooms: 13,647

4770 S. Atlanta Rd.

Smyrna, GA 30080

Phone: (404) 350-9990

Officers: Mike Shea, Chairman/CEO; David Carley, EVP; Dan Burdakin, President, Management Company

15. American Property Management Corp.

Total Number of Rooms: 13,550

8910 University Center Lane, Suite 100

San Diego, CA 92037

Phone: (858) 964-5500

Officers: Michael S. Gallegos, President/CEO; William C. Littlefield, VP, Corporate Affairs; John Gallegos, VP, Operations

16. Lodgian Inc.

Total Number of Rooms: 12,353

3445 Peachtree Rd. NE, Suite 700

Atlanta, GA 30326

Phone: (404) 364-9400

Officers: Edward J. Rohling, President/CEO; James M. MacLennan, EVP/CEO; Daniel E. Ellis, SVP/General Counsel

17. Innkeepers USA

Total Number of Rooms: 10,255
 340 Royal Poinciana Way
 Palm Beach, FL 33480
 Phone: (561) 835-1800
 Officers: Jeffrey Fisher, Chairman of the Board/CEO; Dennis Craven, CFO; Mark Murphy, General Counsel

18. Strategic Hotels & Resorts

Total Number of Rooms: 10,000
 77 W. Wacker
 Chicago, IL 60601
 Phone: (312) 658-5000
 Officers: Laurence Geller, President/CEO; James Mead, EVP/CFO; Richard Moreau, EVP

19. LaSalle Hotel Properties

Total Number of Rooms: 8,956
 3 Bethesda Metro Center, Suite 1200
 Bethesda, MD 20814
 Phone: (301) 941-1500
 Officers: Jon Bortz, Chairman/CEO; Hans Weger, CFO; Michael Barnello, COO

20. Hersh Hospitality Trust

Total Number of Rooms: 8,640
 510 Walnut St.
 Philadelphia, PA 19106
 Phone: (215) 238-1046
 Officers: Jay H. Shah, CEO; Neil H. Shah, President/COO; Michael R. Gillespie, Chief Accounting Officer

21. IHG (InterContinental Hotels Group)

Total Number of Rooms: 8,460
 Three Ravinia Dr., Suite 100
 Atlanta, GA 30346
 Phone: (770) 604-2000
 Officers: Andrew Cosslett, CEO; Steve Porter, President, The Americas; Kirk Kinsell, SVP/Chief Development Officer, The Americas

22. Highland Hospitality Corp.

Total Number of Rooms: 8,239
 8405 Greensboro Dr., Suite 500
 McLean, VA 22102
 Phone: (703) 336-4901
 Officers: John Elwood, Director; John W. Hill, Director; Thomas A. Natelli, Director

23. Loews Hotels

Total Number of Rooms: 8,098
 667 Madison Ave.
 New York, NY 10021
 Phone: (212) 521-2833
 Officers: Jonathan Tisch, Chairman/CEO; Jack Adler, President/COO

24. Winston Hotels

Total Number of Rooms: 7,205
 2626 Glenwood, Suite 200
 Raleigh, NC 27608
 Phone: (919) 510-6007
 Officers: Charles M. Winston, Chairman of the Board of Directors; Robert W. Winston III, CEO/Director; Joseph V. Green, President/CEO

25. Noble Investment Group

Total Number of Rooms: 6,954
 3424 Peachtree Rd., 1100 Monarch Tower
 Atlanta, GA 30326
 Phone: (404) 262-9660
 Officers: Mitesh Shah, CEO; Rodney Williams, Chief Investment Officer; Bob Morse, COO