

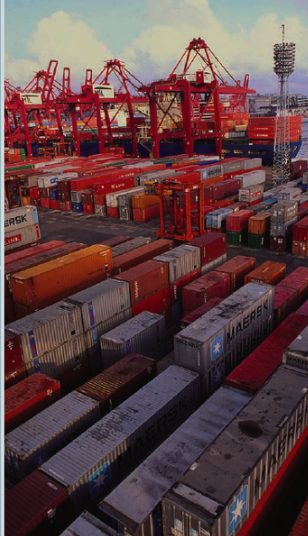


CASDEN REAL ESTATE ECONOMICS FORECAST
 USC LUSK CENTER FOR REAL ESTATE
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FIFTH ANNUAL CASDEN OFFICE AND INDUSTRIAL FORECAST

OFFICE AND INDUSTRIAL MARKETS IN A CONNECTED WORLD

TUESDAY, DECEMBER 5, 2006 | 4:30 PM | LEONARD DAVIS AUDITORIUM, USC GERONTOLOGY BUILDING



UNIVERSITY OF SOUTHERN CALIFORNIA
 MARSHALL SCHOOL OF BUSINESS
 SCHOOL OF POLICY, PLANNING, & DEVELOPMENT





MATT BROOKSHIER
Master of Real Estate
Development Candidate



ALMA CIBRIAN
Master of Real Estate
Development Candidate



YULIYA GUZMAN
Master of Public
Administration Candidate



MARK SEMOTIUK
Master of Real Estate
Development Candidate

SPONSORS:



MEDIA SPONSORS:



SPECIAL TOPIC CONTRIBUTORS AND ABSTRACTS:

MATT BROOKSHIER

Matt graduated Cum Laude with an MBA from the University of Michigan and holds a Finance/Economics undergraduate degree from Baylor University. Matt spent three years in Russia arranging business deals to deploy wireless networks for Qualcomm, followed by a period of raising equity capital for start-up companies in Southern California. Most recently, Matt and a partner purchased and operated an underperforming retail flooring company doubling sales and tripling profits over three years. In his graduate studies, Matt is focusing on commercial real estate, specifically retail and mixed-use development.

“The Los Angeles Port Network - An International Gateway Servicing Southern California and Beyond”

Historically, a port’s traffic was often correlated with the size of the local population it served. In this paper we show that the Port of Los Angeles / Long Beach actually handles over five times the number of containers relative to its local service area, making it an International Gateway for goods from the Pacific Rim. This status as an entry point for goods, much of which are destined for the rest of the country, not only increases demand for warehouse space but also dramatically alters the type, size and location of distribution facilities in Southern California.

ALMA CIBRIAN

Alma has over three years of commercial real estate experience working with Norris Realty Advisors, providing appraisal and consulting services for complex projects throughout the broader Los Angeles basin. Alma earned a Bachelor of Arts in Economics from the UC Berkeley and conducted research as a Summer Research Fellow at Columbia University’s Department of Economics. Upon completion of her degree, Alma intends to pursue a career in real estate development, with an emphasis in urban infill, transit oriented, mixed-use developments.

“Employment Growth Propels Demand for Office Space in San Diego”
(Coauthored with Mark Semotiuk and Delores Conway)

By many measures, San Diego County’s office market appears robust. Employment is increasingly diversified, office vacancies are under 10 percent, rents have risen 30 percent since 2004, and office space absorption has been strong for the past six years. These positive trends encouraged construction of millions of square feet of new office space. It appears that San Diego has managed to keep supply in check to balance with anticipated demand for office space.

YULIYA GUZMAN

Yuliya earned a Bachelor of Arts in Business Administration in Moscow in 2002. Since then she has gained valuable experience working for both private and public entities in Russia and the U.S. Yuliya’s current research interests include analysis of residential and commercial real estate markets both in the U.S. and internationally, as well as public-private partnerships and urban mixed-use development.

“Office Development Surges in the Moscow Market”

The Moscow office real estate market has much to offer potential investors—from attractive 12% cap rates, to one of the highest prime office rents and lowest vacancy rates in Europe. Still relatively young, the Moscow office market creates unprecedented business opportunities for foreign and domestic investors and developers.

MARK SEMOTIUK

Mark began his career working for Vigilant Investors Fund LP and the hedge fund’s manager, performing advanced financial modeling. He later assisted in the management of \$12 Billion in assets while working for Goldman Sachs in the Private Wealth Management Division. In 2004, Mark founded Metropolitan Los Angeles Developments which is currently developing a 4-unit, \$2.8 million condominium complex in Silver Lake. Mark graduated from UCLA with a double major in Business-Economics and Psychology.

“The Impact of Retail Development on Office Markets: A Case Study of Glendale and Pasadena”

Glendale and Pasadena are two very similar cities located in the Tri-Cities submarket of Los Angeles. However, a divergence has emerged in the office market between the two cities with Pasadena becoming the premium market. The close proximity and similarities of the two cities control for many influential factors and help to isolate those factors leading to the divergence in rents and vacancy rates. We conclude that the emerging sense of retail place that has evolved in Pasadena helps to explain the divergence.

SPEAKER BIOGRAPHIES



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JAMES C. HANKLA
Harbor Commissioners Board
Port of Long Beach



CHRISTOPHER MCGIBBON
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DELORES A. CONWAY

Delores Conway is the director of the Casden Real Estate Economics Forecast at the USC Lusk Center for Real Estate and Associate Professor in the Marshall School of Business. Dr. Conway is widely respected for her research on the commercial and residential real estate markets in Southern California. She is frequently interviewed by the national news media for her viewpoints on real estate markets. In 2005, Real Estate Southern CA Magazine listed her as one of the "50 Women of Influence in Real Estate." Prior to joining USC, Dr. Conway served on the faculty of the University of Chicago - Graduate School of Business.

Much admired for her teaching skills, Dr. Conway is a distinguished faculty fellow at the USC Center for Excellence in Teaching and received USC's highest teaching honor - the University Associates Award for Teaching Excellence. She is an elected fellow of the American Statistical Association and was an associate editor for the Journal of the American Statistical Association.

Dr. Conway received her Ph.D. and master's degree in statistics from Stanford University, and undergraduate degrees in mathematics, statistics and computer methods from the University of Wisconsin, Madison.

STUART A. GABRIEL

Stuart Gabriel is Director and Lusk Chair in Real Estate at the USC Lusk Center for Real Estate. He also serves as Professor of Finance and Business Economics, Policy, Planning, and Development in the Marshall School of Business and the School of Policy, Planning, and Development and as Co-Director of the USC Ross Minority Program in Real Estate. During 1997-1999, Gabriel served as Deputy Dean of Academic Programs at the Marshall School of Business. Prior to joining the USC faculty, Gabriel served on the economics staff of the Federal Reserve Board in Washington, D.C. and more recently has been a Visiting Scholar at the Federal Reserve Bank of San Francisco.

Gabriel serves on the Editorial Boards of Real Estate Economics, Journal of Real Estate Finance and Economics, Journal of Housing Economics, Journal of Housing Research, Housing Policy Debate, Journal of Real Estate Research, and Real Estate Finance. He serves on the Board of Directors of the American Real Estate and Urban Economics Association, the Asian Real Estate Society, and the Genesis Los Angeles Economic Growth Corporation. Also, he is a Fellow of the Homer Hoyt Institute for Advanced Real Estate Studies.

His current research focuses on mortgage prepayment and default risk, urban housing and labor markets and population mobility and the quality-of-life. Gabriel has published extensively on these and other topics of real estate finance and urban and regional economics. Gabriel holds a Ph.D. in Economics from the University of California, Berkeley.

WILLIAM R. BOYD, JR.

Bill Boyd is currently serving as the company's Executive Vice President and Managing Director of the L.A. Metro Region in addition to his management responsibilities for the downtown Los Angeles office of the company. He made the transition to Grubb & Ellis in 1998 after being with another national brokerage firm for 17 years in that company's Los Angeles and Glendale offices, where he represented the interest of lessors, sub-lessors, lessees, sellers and buyers. In 1990, he was the top income producing office broker in the United States for his former company and after two years at Grubb & Ellis Company he achieved the national distinction of the company's "Circle of Excellence" designation.

Mr. Boyd has participated in leasing and sales transactions totaling in excess of over \$1.7 billion and has been on the leasing teams of over 5.25 million square feet of office space throughout the Los Angeles area. No other office building broker has participated in as many lease transactions nor been responsible for the leasing of as much office building square footage in the Tri-City (Burbank, Glendale, Pasadena) office submarket.

Mr. Boyd holds an A.B. in Public Relations and an M.A. in Business Journalism from the University of Southern California.

JAMES "PAT" CAVANAGH

Pat Cavanagh is ProLogis' Senior Vice President of Capital Deployment for the Pacific Region. In this capacity, he is responsible for overseeing all real estate acquisitions and development opportunities throughout the region.

Prior to joining ProLogis in September 2005, Mr. Cavanagh was a Senior Vice President with Catellus Development Corporation, where he was responsible for all commercial development activities throughout Southern California and the Pacific Southwest. He joined Catellus in 1999 after sixteen years in commercial brokerage with CBRE. Mr. Cavanagh's extensive development experience involves all aspects of real estate transactions, including building lease and sale negotiations, land sales, acquisitions, entitlement and development.

Mr. Cavanagh received a Bachelor of Science degree in Business Information Systems at California State University, San Diego.

BRADLEY T. COX

Brad Cox is a Managing Director, Principal of Trammell Crow Company overseeing a regional portfolio of premier office properties including the landmark Century Plaza Towers in Century City, The Water Garden in Santa Monica and Glendale Plaza in downtown Glendale. Cox also oversees the 2000 Avenue of the Stars office tower Trammell Crow is developing adjacent to the Century Plaza Towers.

Prior to joining Trammell Crow Company, Mr. Cox was Senior Managing Director of the Southern California Region for Cushman & Wakefield. The Southern California region included six offices and 135 brokers in Southern California (Los Angeles Downtown, Los Angeles South Bay, Los Angeles West, Los Angeles North, Orange County and Ontario). Mr. Cox was formerly associated with The Koll Company as Senior Vice President.

Mr. Cox is a regular participant as a program and seminar panelist for Commercial Property News, BOMA, LACRA, CCA, LA Headquarters, Real Estate Conference Group, UCLA and an educator/instructor for ULI, BOMA and IREM. He is a graduate of the University of Arizona with a degree in Marketing and a licensed California Real Estate Broker. A past chairman of the Los Angeles Commercial Realty Association (LACRA), Mr. Cox is the Chairman of the Los Angeles Business Council.

JAMES C. HANKLA

James C. Hankla joined the Long Beach Board of Harbor Commissioners in July 2003, and later was named the Harbor Commission's representative to the Alameda Corridor Transportation Authority (ACTA) Governing Board. Hankla also consults on public/private partnership projects as a principle of JCH/Fulcrum LLC. Before his appointment to the Harbor Commission, Hankla served as ACTA's chief executive officer for five years, overseeing financial and administrative matters. Prior to joining ACTA, Hankla distinguished himself as city manager of Long Beach for 11 years.

Hankla has served on numerous governing boards, advisory boards and civic organizations, including International City Theatre, Long Beach Aquarium of the Pacific, Los Angeles County Economic Development Corporation, Los Angeles/Long Beach World Trade Center Association and of the Olson Urban Housing Company. He is past president of the Long Beach Area Council, Boy Scouts of America, and in 1994 was named a Distinguished Eagle Scout by that organization.

Mr. Hankla holds a Master Degree in public administration from California State University, Los Angeles, and a Bachelor's Degree in political science from California State University, Long Beach.

CHRISTOPHER MCGIBBON

Chris McGibbon heads up real estate acquisitions in the Western Region for TIAA-CREF, a national financial services organization and the leading provider of retirement services in the academic, research, medical and cultural fields. With more than \$370 billion in combined assets under management and 3.2 million participants at 15,000 institutions, TIAA-CREF is one of Fortune magazine's 100 largest U.S. companies. TIAA-CREF directly owns approximately \$20 billion in real estate assets made up of over 250 primarily large, high quality properties such as office buildings, regional shopping centers, industrial parks, and multifamily communities. The company also has \$24 billion invested in commercial mortgages and another \$20 billion invested in commercial mortgage-backed securities, debentures and REIT preferred and common stock.

Mr. McGibbon joined TIAA-CREF in 2001 in New York. He previously held positions with Codina Group and Related Companies in South Florida. Since joining TIAA-CREF, Mr. McGibbon has originated over \$3 billion in debt and equity investments and he relocated to Newport Beach in 2005 to open up the firm's West Coast real estate investment office.

Mr. McGibbon holds a BS in Business Management from the University of Maryland and a MBA from the University of Florida.

2006 REPORT ACKNOWLEDGMENTS



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Grubb & Ellis Company



NICK SAPONARA
Master of Planning / Master of
Real Estate Development Candidate

AUTHORS AND EDITORS:

DELORES A. CONWAY - *Principal Author and Editor*

Dr. Conway is the primary author and editor of the 2006 Southern California Office and Industrial Market Report. She wishes to acknowledge the contributions of the many authors who assisted in writing specific sections of the report.

J.C. CASILLAS - *Lead Author of Los Angeles Sections*

Mr. Casillas has been with Grubb & Ellis since 1998. He is responsible for the management of the firm's Los Angeles County research & marketing operations, overseeing extensive data collection, verification, tracking and analysis of the Los Angeles County market. As part of the Los Angeles management team, Mr. Casillas works extensively with brokers on business development projects, client presentations and special research assignments.

Mr. Casillas' market information and analysis are featured every quarter in the Commercial Real Estate update published by the Los Angeles Business Journal. He is recognized by various organizations and universities, including the Los Angeles County Economic Development Corporation (LAEDC) and the San Fernando Valley Economic Research Center as the "go-to" person for real estate market information. Mr. Casillas received a Bachelor of Science from USC majoring in Public Policy and Management with a minor in Business.

NICK SAPONARA - *Managing Editor and Graphic Designer*

Nick Saponara is pursuing dual Master of Real Estate Development and Master of Planning degrees at USC. He joined the Casden Forecast in fall 2006 assisting in data compilation and the management of the layout and production of annual forecast publications.

Nick graduated Magna Cum Laude from Syracuse University in 2003 with a Bachelor of Architecture and a minor in Policy Studies. Nick subsequently worked for FXFOWLE Architects in New York City where he led the interdisciplinary coordination for multiple stations along the proposed Second Avenue Subway line, as well as developed design guidelines and zoning analyses for transit-oriented developments. Nick is a member of ULI, APA, and NAIOP and is LEED Certified. His real estate interests include public-private joint ventures and mixed-use development.

PROGRAM

WELCOME

Stuart Gabriel, Director, USC Lusk Center for Real Estate

2006 CASDEN OFFICE AND INDUSTRIAL MARKET FORECAST

Delores Conway, Director, USC Casden Real Estate Economics Forecast

PANEL DISCUSSION

Stuart Gabriel, USC Lusk Center for Real Estate (Moderator)

William Boyd, Executive Vice President, Grubb and Ellis

James "Pat" Cavanagh, Senior Vice President, ProLogis

Bradley Cox, Managing Director and Principal, Trammell Crow Company

James Hankla, Vice President, Board of Harbor Commissioners, Port of Long Beach

Christopher McGibbon, Director of Global Real Estate, TIAA-CREF

CLOSING REMARKS

Delores Conway, Director, USC Casden Real Estate Economics Forecast

NETWORKING RECEPTION

To be held in the courtyard.