

SEVENTH ANNUAL CASDEN OFFICE AND INDUSTRIAL FORECAST

OPPORTUNITIES IN SOUTHERN CALIFORNIA'S CHANGING OFFICE AND INDUSTRIAL MARKETS

THURSDAY, DECEMBER 11, 2008 | 4:30 PM | Radisson Hotel, Grand Ballroom



UNIVERSITY OF SOUTHERN CALIFORNIA
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WELCOME

Richard Green, Director, USC Lusk Center for Real Estate

2008 CASDEN OFFICE AND INDUSTRIAL MARKET FORECAST

Delores Conway, Director, USC Casden Real Estate Economics Forecast

PANEL DISCUSSION

Mark Renard, Executive Director, Cushman & Wakefield (Moderator)

Robert Brunswick, President and CEO, Buchanan Street Partners

Joaquin de Monet, President and CEO, Arden Realty (GE)

William Halford, President and CEO, Bixby Land Company

Chuck Hunt, Executive Managing Director, Grubb & Ellis

CLOSING REMARKS AND AUTHOR ACKNOWLEDGEMENTS

Delores Conway, Director, USC Casden Real Estate Economics Forecast

James Ellis, Dean, USC Marshall School of Business

Jack Knott, Dean, USC School of Policy, Planning, and Development

NETWORKING RECEPTION

SPEAKER BIOGRAPHIES



DELORES A. CONWAY
USC Casden Real Estate
Economics Forecast



RICHARD GREEN
USC Lusk Center
for Real Estate



MARC RENARD
Cushman & Wakefield, Inc

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 2007, 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.

RICHARD GREEN

Richard K. Green, Ph.D., is the Director of the USC Lusk Center for Real Estate. He holds the Lusk Chair in Real Estate and is a professor in the School of Policy, Planning, and Development and the Marshall School of Business.

Prior to joining the USC faculty, Dr. Green spent four years as the Oliver T. Carr, Jr., Chair of Real Estate Finance at The George Washington University School of Business. He was Director of the Center for Washington Area Studies and the Center for Real Estate and Urban Studies at that institution. Dr. Green also taught real estate finance and economics courses for 12 years at the University of Wisconsin-Madison, where he was a Wangard Faculty Scholar and Chair of Real Estate and Urban Land Economics. He also has been principal economist and director of financial strategy and policy analysis at Freddie Mac. More recently, he was a visiting professor of real estate at the University of Pennsylvania's Wharton School, and he continues to retain an affiliation with Wharton.

He is or has been involved with the Lincoln Institute of Land Policy, the Conference of Business Economists, the Center for Urban Land Economics Research, and the National Association of Industrial and Office Properties. Dr. Green also is a Weimer Fellow at the Homer Hoyt Institute, and a member of the faculty of the Selden Institute for Advanced Studies in Real Estate. He was recently President of the American Real Estate and Urban Economics Association.

Dr. Green earned his Ph.D. and M.S. in economics from the University of Wisconsin-Madison. He earned his A.B. in economics from Harvard University.

MARC RENARD, MANAGING DIRECTOR, CUSHMAN & WAKEFIELD, INC

Marc D. Renard is Managing Director of Cushman & Wakefield's Capital Markets Group and is responsible for overseeing the firm's investment brokerage activities throughout Southern California. Since joining Cushman & Wakefield in 1983, Mr. Renard has provided transaction and advisory services to clients, including the sale of more than 300 properties with an aggregate value in excess of \$10 billion. His team of twenty-five professionals covers a geographically diverse area, which encompasses all the major markets on the West Coast. He has marketed properties in California, Arizona, Utah, New Mexico, Colorado, Washington, Oregon, Texas, and Nevada over the past 18 months.

Mr. Renard has been recognized with various honors including Cushman & Wakefield's Top Investment Broker in the Western Region and/or in California for the years 1992, 1994, 1995, 1996, 1998, 2002, 2003, 2004, 2006, and 2007. He is a member of Cushman & Wakefield's Global Advisory Board.

Institutional representations include MetLife, Tishman Speyer, Lehman Brothers, AIMCO, Archstone-Smith, Morgan Stanley, GE Real Estate, Fidelity Investments, BRE Properties, Equity Residential, Citicorp, Wells Fargo, Heitman, RREEF, TIAA-CREF, Cornerstone Real Estate Advisors, Prudential, and other major institutions.

Mr. Renard is on the Board of Directors of the Arthritis Foundation of Southern California, the Executive Committee of San Francisco's Museum of Performance and Design, the Board of Directors of the USC Lusk Center, and is a frequent guest lecturer at industry conferences. He earned a B.A. degree from the University of Southern California.



ROBERT BRUNSWICK
Buchanan Street Partners



JOAQUIN DE MONET
Arden Realty, Inc

**ROBERT BRUNSWICK, FOUNDER, PRESIDENT AND CEO,
BUCHANAN STREET PARTNERS**

Robert S. Brunswick is the Founder, President and CEO of Buchanan Street Partners. In his capacity he has directed the entrepreneurial growth of Buchanan Street Partners since its inception and continues to lead its current strategic direction. In 2005, he was recognized with Ernst & Young's Entrepreneur of the Year. In his day-to-day activities Mr. Brunswick is responsible for chairing the firm's Investment and Executive Management Committees.

In 2007, Mr. Brunswick established Buchanan Children's Charities, a 501(c)(3) organization which measurably improves the lives and educational opportunities for America's children. The company has established annual signature events to support its charitable initiatives through Challenge for Children, Encore for Education and the Real Estate Summit.

Mr. Brunswick holds a B.A. from the University of California at Berkeley and has completed Berkeley's Haas Business School Executive Management Program. He currently serves on the Leadership Council of the USC Lusk Center for Real Estate, and his professional affiliations include membership in the Mortgage Bankers Association (MBA), National Association of Industrial and Office Properties (NAIOP), International Council of Shopping Centers (ICSC), Urban Land Institute (ULI), Pension Real Estate Association (PREA), and Young Presidents Organization YPO).

**JOAQUIN DE MONET, PRESIDENT AND CEO,
ARDEN REALTY, INC**

Joaquin de Monet is President and CEO of Arden Realty, Inc. a premier investor, operator and manager of office properties in the United States. A seasoned builder of growth businesses, Joaquin has significantly expanded Arden's portfolio, transforming Arden from a formerly Southern California-based office REIT into a major West Coast player. In the course of his career as a growth leader, he has arranged and managed over \$10 billion of investments.

Joaquin's strategic leadership has guided his senior management team in developing Arden into a dynamic, value-add investor and trader with a highly successful strategic capital recycling program that included over \$5 billion of real estate transactions in 15 months. During that time, Arden was the most active investment firm on the West Coast and has since expanded into being GE's national growth platform. Joaquin is currently developing an investment management platform that will offer Arden's expertise to the institutional real estate community to co-invest in our core markets.

Arden currently owns and manages an expanding portfolio in excess of 17 million square feet in Southern and Northern California, Seattle, Portland, Phoenix, Salt Lake City and Chicago. The firm has an innovative corporate culture with a high level of real estate expertise in operations, leasing, finance, investment management, acquisitions, dispositions, risk, research and sustainability. Arden is also highly regarded as a community-based company with an active volunteer program and a wide range of green initiatives.

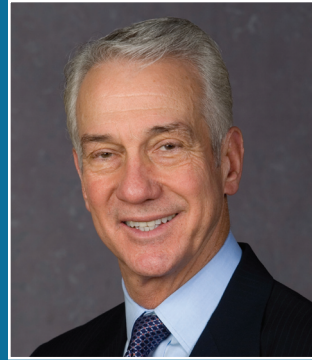
Prior to Arden, Joaquin was based in Mexico, first as director of Corporate Accounts for Cushman and Wakefield and then as Managing Director of GE Real Estate's Mexico Operations. During his tenure there, he successfully oversaw a major expansion from \$750 million to \$3.5 billion in assets by re-focusing the business from predominately structured debt to a fully diversified debt and equity platform, including the largest industrial real estate transaction in Latin America. Before Mexico, he worked with Chase Manhattan Bank (now JP Morgan Chase) in New York as a Loan Officer as part of their Real Estate Finance Business.

Joaquin is a California native, born and raised in the San Francisco Bay Area. He is a graduate of the University of Southern California.

SPEAKER BIOGRAPHIES



WILLIAM HALFORD
Bixby Land Company



CHUCK HUNT
Grubb & Ellis

WILLIAM HALFORD, PRESIDENT AND CEO, BIXBY LAND COMPANY

William R. Halford is president and chief executive officer of Bixby Land Company. Halford was appointed to this role in 2006 following more than 12 years as a member of the Company's Board of Directors. Bixby Land Company, founded in 1896 is a private REIT and is a vertically integrated commercial real estate investment and development firm. Under Halford's direction Bixby Land Company has acquired nearly \$1 billion in office and industrial properties throughout California and Arizona.

Prior to joining Bixby Land Company, Halford was president of The Irvine Company's Office/Industrial Company from 1995 – 2006. During his tenure with the company, he was responsible for all aspects relating to the operation of a 30 million-square-foot commercial office and industrial portfolio located throughout California. The portfolio experienced monumental growth through both acquisition and development. Moreover, he oversaw all of the leasing, asset management and operations of a 400-plus building portfolio, renown as one of the most prestigious portfolios in the world that included high-rise office, low-rise office, industrial, flex/R&D and self-storage properties in Orange County, Los Angeles, Silicon Valley and San Diego.

In addition to the operation of the office and industrial portfolio, Halford was responsible for all of The Irvine Company's commercial land sales. Throughout his career with The Irvine Company, Halford directed approximately \$2 billion in acquisitions and lead ground-up project development totaling 8 million square feet.

An active leader in the real estate community, Halford chairs the Real Estate Advisory Board at University of California, Irvine's Paul Merage School of Business, is a member of the Advisory Board for the Fisher Center for Real Estate and is also an active member of the Urban Land Institute (ULI). Halford is also among the Who's Who Orange County Top 50 Business Leaders and a recipient of the Good Scout Award by the Boy Scouts of America.

He is a graduate of the University of California, Santa Barbara and earned a bachelor's degree in political science. He completed advanced studies in real estate at both Harvard and MIT.

CHUCK HUNT, EXECUTIVE MANAGING DIRECTOR, GRUBB & ELLIS

Mr. Hunt is the Executive Managing Director of the Los Angeles Metro Area for Grubb & Ellis Company. He is responsible for Transactional Services, Management Services, Project Management and Corporate Services and oversees the profit and loss for these disciplines for the Los Angeles Metro Region.

May, 2005 through July, 2008 Mr. Hunt was Managing Director of Eastdil Secured. His responsibilities included managing and directing all professionals within the firm. He assisted them in business planning, strategies and business development. His responsibilities also included an active roll in overall business development of the firm to maximize Eastdil Secured's efforts. He was integral in strategic planning of the firm in terms of office locations, recruiting and business strategy.

May, 2004 through May, 2005 Mr. Hunt was with Grubb & Ellis Company as Executive Vice President of the Los Angeles Region Brokerage Operations. He presided over three branch managers and was responsible for revenue growth as well as managing the profit and loss of the region.

May, 1994 through April, 2004 Mr. Hunt was with Cushman & Wakefield as the Senior Managing Director, Southern California Market. This included Los Angeles, San Bernardino, Riverside, Orange and San Diego Counties. He worked with two partners and had oversight over all real estate operations including brokerage, strategic advisory, asset management, property management, appraisal and Southern California client teams.

July, 1978 through December 1993 Mr. Hunt was employed at Industrial Technology Group. As Vice President, Industrial Brokerage in the Inland Empire he opened an office in Ontario after working the Inland Empire Market out of the Orange Office for one year.

January, 1989 he was promoted to Executive Vice President for the Southwest Region. He was responsible for all industrial and technology brokers in the region and worked closely with brokers and managers on strategic planning, business development, recruiting, and office expansion. Mr. Hunt graduated with a Bachelor of Science in Marketing from Arizona State University.

2008 REPORT ACKNOWLEDGMENTS



DELORES A. CONWAY
USC Casden Real Estate
Economics Forecast



J.C. CASILLAS
Grubb & Ellis

EDITORS:

DELORES A. CONWAY - PRINCIPAL AUTHOR AND EDITOR

Dr. Conway is the primary author and editor of the 2008 Southern California Office and Industrial Market Report. She wishes to acknowledge the contributions of the many authors and staff who assisted with writing and editing sections of the report.

J.C. CASILLAS - ASSISTANT VICE PRESIDENT, CLIENT SERVICES MANAGER, GRUBB & ELLIS COMPANY

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.

SPECIAL TOPIC CONTRIBUTORS



THOMAS M. BRENNAN
Master of Real Estate
Development Candidate



MATTHEW CURTIN
Master of Real Estate
Development Candidate



CRYSTAL S. LEE
Master of Real Estate
Development Candidate

SPECIAL TOPIC CONTRIBUTORS AND ABSTRACTS:

THOMAS M. BRENNAN

Since 1998, Thomas has been an Architect and Senior Designer with Lehman-Smith+McLeish, the Washington, DC based global real estate strategy and design firm. As a Director at LSM, he developed expertise in real estate strategy, complex leases, program development, contractor negotiations, and large scale project management. Thomas has a wide range of experience and managed award winning projects throughout U.S. cities, including Boston, San Francisco, and Washington DC. His extensive professional experience is supported by his Bachelors (1998) and Masters (2000) Degrees in Architecture from the Catholic University of America.

“HEALTH CARE GROWTH LEADS TO DEVELOPMENT OF MEDICAL PROPERTIES”

As the “Baby Boomers” reach retirement age, conventional wisdom states that we are set to experience rapid growth in the health care sector of our economy. Aged Americans’ desire for health care will lead to an increase in the demand for workers at all levels of service, create great opportunities in biotechnology and medical research, and generate additional demand for health care related real estate assets of all types. Southern California should benefit greatly from this expanding sector, but the question yet to be answered is, “Are we ready for it?”

MATTHEW CURTIN

In 2002, Matt joined Navigant Consulting, Inc where he assisted Freddie Mac as a consultant in working through a \$5 billion financial restatement, which included supporting financial reporting processes and preparing loan amortization and mortgage-backed security valuation analyses. Matt then joined Freddie Mac as a Senior Director in Finance where he has led business initiatives totaling approximately \$45 million supporting the company’s Single Family and Multifamily mortgage sourcing and securitization business. Matt began his career as an auditor with Arthur Andersen before assuming a financial reporting role with a publicly-traded technology company, where he managed all aspects of SEC compliance and GAAP reporting. Matt graduated from Virginia Tech with a bachelor’s degree in Accounting and earned his CPA in the state of Virginia.

“OFFICE PROPERTY SALES IN WEST LOS ANGELES PUSH RENTS UPWARD”

(Co authored by Delores A. Conway)

In recent years, Class A office rents have soared in the West Los Angeles submarket. Although the influx of new tenants and tenant renewals have helped to drive this increase, sales of office buildings at record prices have also played a role as investors seek higher returns to recoup substantial investments. This paper investigates the relationship between recent office sales in West LA and subsequent rent increases. We also examine the capital market forces that helped drive office sales and measure the effects on asking rents for sold Class A office properties in West L.A.

CRYSTAL S. LEE

Prior to attending USC, Crystal worked as a Senior Associate within the Real Estate Valuation and Consulting practice at the San Francisco office of Duff & Phelps LLC, a global provider of independent financial advisory and investment banking services. Her projects included analyzing investment scenarios and purchasing price allocations for commercial real estate. Crystal has extensive experience with subdivision analyses, valuation methodologies, and residential market research for clients that include hedge funds, real estate investment firms, and the U.S. government. She received her undergraduate degree in urban studies and planning from the University of California, Berkeley. Upon graduation, Crystal intends to integrate her urban planning and finance backgrounds to work with value added, opportunistic commercial real estate assets throughout the nation and the globe.

“TECH INDUSTRY HELPS BUTTRESS THE SILICON VALLEY OFFICE MARKET”

Since the bursting of the dot com bubble in 2000, the Silicon Valley has been on a path of strong recovery, as tech giants such as Apple, Google, and Cisco post consistent earnings. While the financial markets undergo restructuring and the nation falls into a recession, the Valley’s underlying economic fundamentals appear to sustain a promising future for the region’s office sector. This article explores the Valley’s current economy and fundamental trends that are likely to pull the office sector through the downturn.



SPENCER BOGNER
Master of Real Estate
Development Candidate, 2009



ROBERT DEE
USC, Class of 2009,
Graphics Designer



MAMTA SHAH
University of Southern
California, Class of 2011



LISA WU
Casden Forecast,
Program Coordinator

2008 CASDEN FORECAST REPORT STAFF:

SPENCER BOGNER

Spencer joined the Casden Forecast in 2008 as a research assistant, to help with the writing and editing of its publications. Previously, Spencer was a Founder/Partner at Bogner Development, which specializes in developing single family residences throughout Orange County, CA. His responsibilities involved all aspects of real estate development including: selecting acquisitions, securing financing, managing construction, and selling completed projects. Spencer also served as the Director of International Sales & Marketing for Progressive Orthodontics, a healthcare education company, and gained significant experience in international management and strategy. Spencer graduated Summa Cum Laude from USC's undergraduate business program in 2003, with an emphasis in leadership development.

ROBERT DEE

Robert Dee is a senior at USC majoring in real estate from the School of Policy, Planning and Development. He has worked as a designer for HTH Architects in Beverly Hills for the last three years. Some of the projects he has been involved with include Dubai Outlet City. His academic honors include a Research Grant from the USC School of Architecture and a scholarship from the Hispanic College Fund. After graduation, Robert hopes to pursue real estate at an established development firm that values superior design and craftsmanship.

MAMTA SHAH

Mamta Shah is a sophomore at USC majoring in business administration. Mamta has participated in LINC (Learning about International Commerce) where she studied international business practices and traveled to Taiwan to meet with business professionals in the global community. She is involved in the E-Club entrepreneurship society at USC, and has worked as a sales representative at Sunbridge Leasing. Her excellent academic record at USC placed her on the Dean's List. After graduation in spring 2011, Mamta plans to pursue a career in finance and real estate development.

LISA WU

Lisa joined the Casden Forecast in September 2008 as the Program Coordinator, to provide assistance with research and marketing for the Forecast. She previously interned at the Casden Forecast, Ripple, Tropicana, and the USC School of Architecture. Her involvement as a Varsity Coxswain on the USC Women's Rowing Team and the Entertainment Chair on USC's Relay for Life developed her leadership and teamwork skills. She recently graduated in May 2008 from the Marshall School of Business at USC with a bachelor's degree in Business Administration and Marketing, and a minor in Advertising from the Annenberg School of Communication.

NOTES

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