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For Immediate Release

Commercial Property Declines Show Signs of Easing *RERC/CCIM report points to positive trends heading into 2010*

CHICAGO, December 8, 2009—Declines across the nation's commercial real estate sectors appear to be easing slightly as 2010 approaches, according to the latest edition of the *Investment Trends Quarterly* report, an authoritative study produced jointly by the CCIM Institute and Real Estate Research Corporation (RERC).

Despite the positive signs, however, growth across the commercial property markets is expected to remain sluggish through at least the first quarter of 2010, followed by a potentially meaningful recovery during the second half of the year.

“For those of us involved in the business of commercial real estate, stress has turned to distress. Reports of foreclosures on high-quality properties and failed banks are occurring almost daily. Property values continue to decline, along with occupancy rates and rents,” said Richard Juge, CCIM, the 2010 president of the CCIM Institute and president of RE/MAX Commercial Brokers in Metairie, La. “However, we also see signs of improvement, and while the path ahead is rocky and will be difficult to navigate for many, it also provides some extraordinary buying and leasing opportunities.”

Overall, the *Investment Trends Quarterly* report notes several key trends. Transaction volume is increasing on a quarter-to-quarter basis for some property types, although it is still declining overall on a 12-month trailing basis. Third-quarter 2009 volume increases are reported in the office, retail, apartment, and hotel sectors, while the industrial sector volume was the only property type to see quarter-to-quarter volume decline.

In addition, while 12-month trailing prices declined slightly across the board during the third quarter, the report notes that pricing is beginning to inch up for several property types on a quarter-to-quarter basis.

Apartments Faring Best in Property Sector Analysis

The *Investment Trends Quarterly* captures market-specific data to determine the relative health of each of the major commercial property sectors, using a 1 to 10 rating system to grade existing investment conditions, with 10 being at the high end of the scale.

During the third quarter, apartments fared the best among commercial property types with a 5.5 rating, which was up from the second quarter. Industrial ranked second among survey respondents with a 4.3 rating. This was unchanged from the previous quarter.

The retail and office sectors tied in the third quarter with a rating of 3.8. For retail, the rating was up from 3.4 in the second quarter, while the office sector also increased from 3.5 during the same period. The hotel sector ranked at the bottom of the survey with a 3.6 rating, but this was an improvement over the 3.4 rating in the second quarter.

Looking Ahead: 2010

Here are a few trends to watch as the industry enters 2010:

- Credit will remain tight.
- Bank foreclosures will increase as more commercial loans come due.
- Consumer spending is expected to remain relatively sluggish, despite the upcoming holiday season.
- Vacancy rates for all major commercial real estate sectors will continue to increase throughout most of 2010.
- Capitalization rates will move slightly.
- Commercial property sale prices and rents will remain mostly flat or decline further.
- Commercial real estate construction will remain slow.
- Sales volume and transactions will begin to increase.
- More entrepreneurs and opportunistic funds will be looking more closely at real estate.

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About the Survey

Published quarterly, the *RERC/CCIM Investment Trends Quarterly* report provides timely insight into transaction volume, pricing, and capitalization rates for the core income-producing properties. The *RERC/CCIM Investment Trends Quarterly* is produced by Real Estate Research Corporation (RERC) in association with and for members of the CCIM Institute. The *RERC/CCIM Investment Trends Quarterly* is sponsored by the National Association of REALTORS®.

The analysis provided is conducted by RERC. The information is gathered in raw form from surveys sent to CCIM designees and candidates, and from sales transactions collected from various sources, including CCIM members, various key commercial information exchange organizations (CIEs), assessors' offices, RERC contacts in the marketplace, and other reliable public and private resources. All sales transactions are aggregated, analyzed, and reported on by RERC. Additional data and forecasts are provided courtesy of the REALTORS® Commercial Alliance and Torto Wheaton Research.

To request an interview or a copy of the survey, please contact R. J. Sirois at 312-321-4494 or rsirois@ccim.com.