

# NORTHERN VA MARKET: 2007 MID-YEAR FORECAST

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Tuesday, July 17<sup>th</sup>, 2007

Presented by:

**Cassidy & Pinkard Colliers**

[www.cassidypinkard.com](http://www.cassidypinkard.com)

# AGENDA

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- I. The Cassidy & Pinkard Colliers Story
- II. Forecast
  - Companies
  - Capital Markets
  - The Office Market
- III. Leasing Market Overview

# THE CASSIDY & PINKARD COLLIERS STORY

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# THE CASSIDY & PINKARD COLLIERS STORY

**Fall 2005-**

Jones Lang  
LaSalle buys  
Spaulding &  
Slye

**Winter 2006-**

CBRE acquires  
Trammell Crow  
Company

**Spring 2007-**

EOP sells  
company to  
Blackstone and  
Blackstone sells  
Washington  
Portfolio to  
Beacon Capital

**Mid 2005-**

Business is good  
but Company  
not growing,  
brokers being  
heavily  
recruited,  
rumors of  
impending sale  
and recruiting  
almost  
impossible

**Spring 2006-**

Cassidy &  
Pinkard joins  
Colliers  
International

**Summer 2006-**

Received  
substantial  
offer from a  
Major National  
Company

**Fall 2006-**

Colliers  
Turley Martin  
Tucker and  
Colliers  
Pinkard  
invest in the  
Company

**Winter/Spring  
2007-**

15 Former  
Trammell Crow  
Brokers, 3 senior  
leaders from  
CarrAmerica, the  
leader of  
Cushman and  
Wakefield's  
Structure  
Finance Group  
joined the  
Company

**Spring 2007-**

Beacon  
Capital  
Awards  
Cassidy &  
Pinkard Colliers  
management,  
leasing and  
project  
management  
for 5 million SF

# THE CASSIDY & PINKARD COLLIERS STORY

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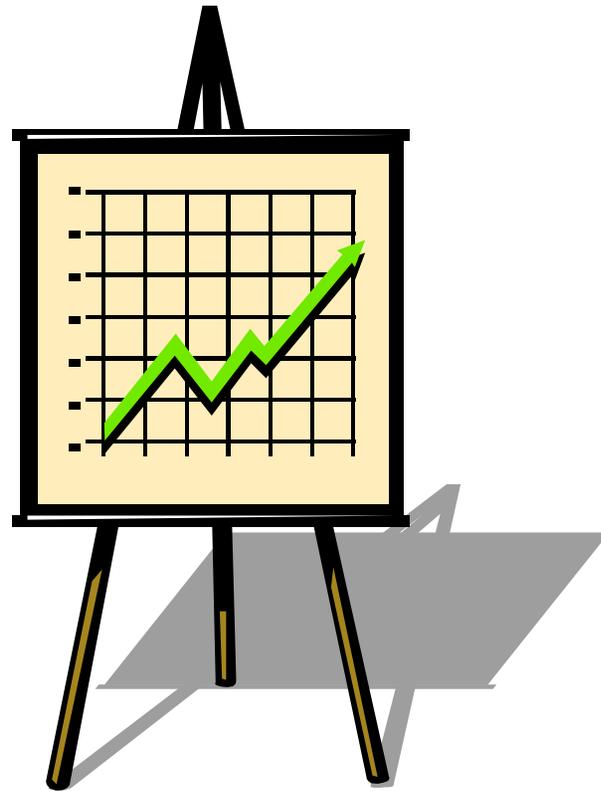
## The Last 12 Months

- Brought in two outside investors
- Expanded from 6 to 25 principals
- Hired over 100 new people
- Grown property management from 4.5 to 13 million square feet
- Grown landlord representative practice from 12 to 30 million square feet
- Most importantly, maintained our culture and value system

# CASSIDY & PINKARD COLLIERS FORECAST

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## Forecast



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## Forecast for Companies – Mergers and Sales

### Service Companies

- JLL buys Spaulding & Slye Fall 2005
- CBRE buys Trammell Crow Winter 2006
- Cushman & Wakefield sells majority interest to IFIL Group (Agnelli Family) Winter 2007
- Grubb & Ellis sold to NNN Realty Summer 2007

### Property Companies

- Westfield to Beacon \$1.0 Billion
- CarrAmerica to Blackstone to Tishman \$5.6 Billion
- Mark Winkler to Duke \$1.28 Billion
- Trizec to Brookfield \$9.0 Billion
- EOP to Blackstone to Beacon \$2.73 Billion
- Glenborough to Morgan Stanley \$1.9 Billion

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## Forecast for Companies

- Private Equity has changed the game

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## *The Private Equity Model*

Acquisition of a \$100 Million Company at 8 Times Earnings

Price: \$100 Million

Income: \$12.5 Million

Debt: \$80 Million at 7%

Debt Service: \$5.6 Million

Equity: \$20 Million

Cash Flow: \$6.9 Million

34.5% Cash Return

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## Forecast for Companies

- Private Equity has changed the game
- The public real estate service companies must grow
- Recession may lead to privatizations and spin-offs
- Look for public to private to public

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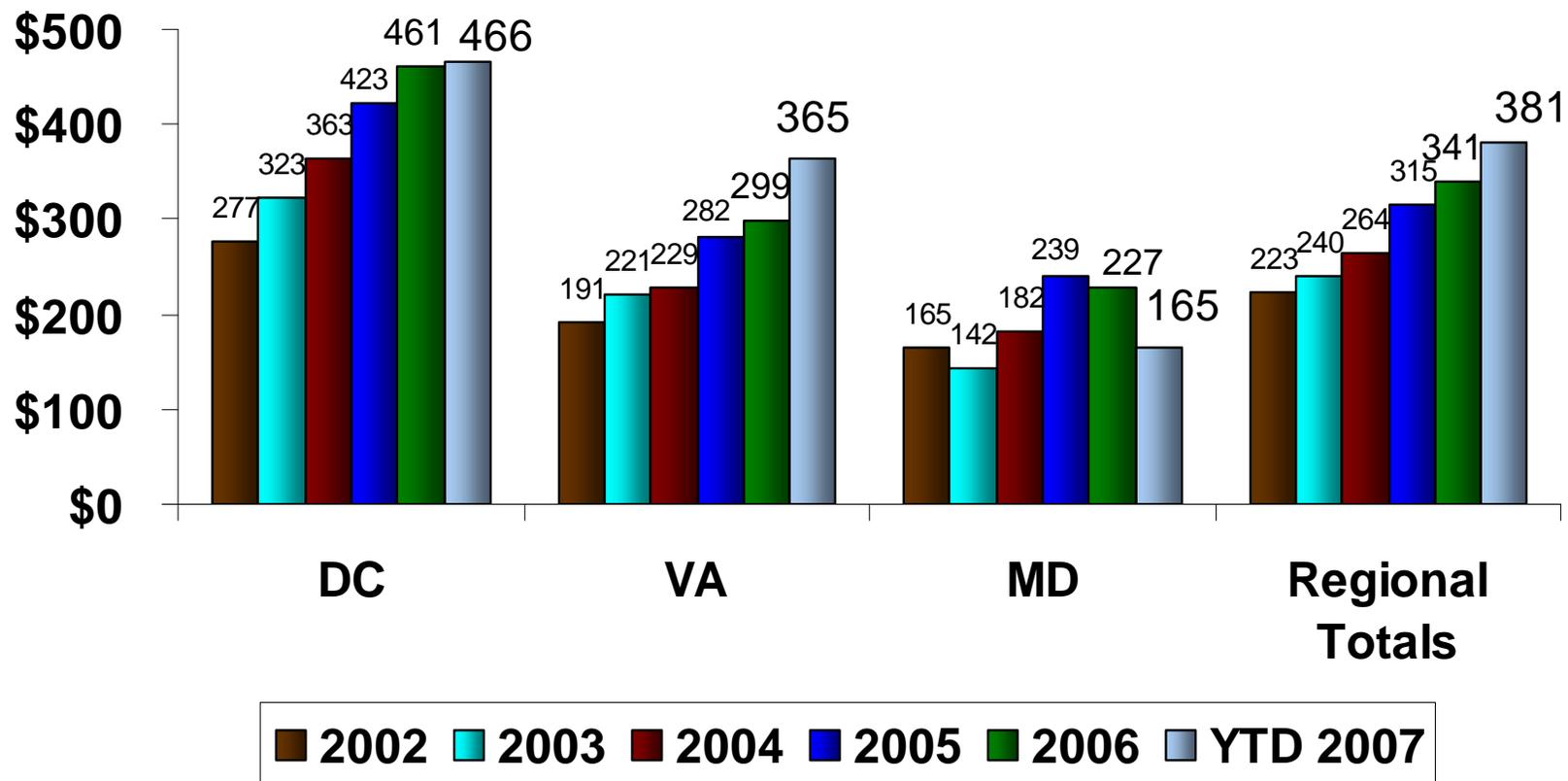
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## Capital Markets

- NoVA Office Building Sales
  - 2006 – \$5.8 Billion
  - 2007 YTD - \$5.0 Billion

# WASHINGTON METRO AREA

## Average Price per Square Foot: 2007 2002 – June 2007



# CASSIDY & PINKARD COLLIERS FORECAST

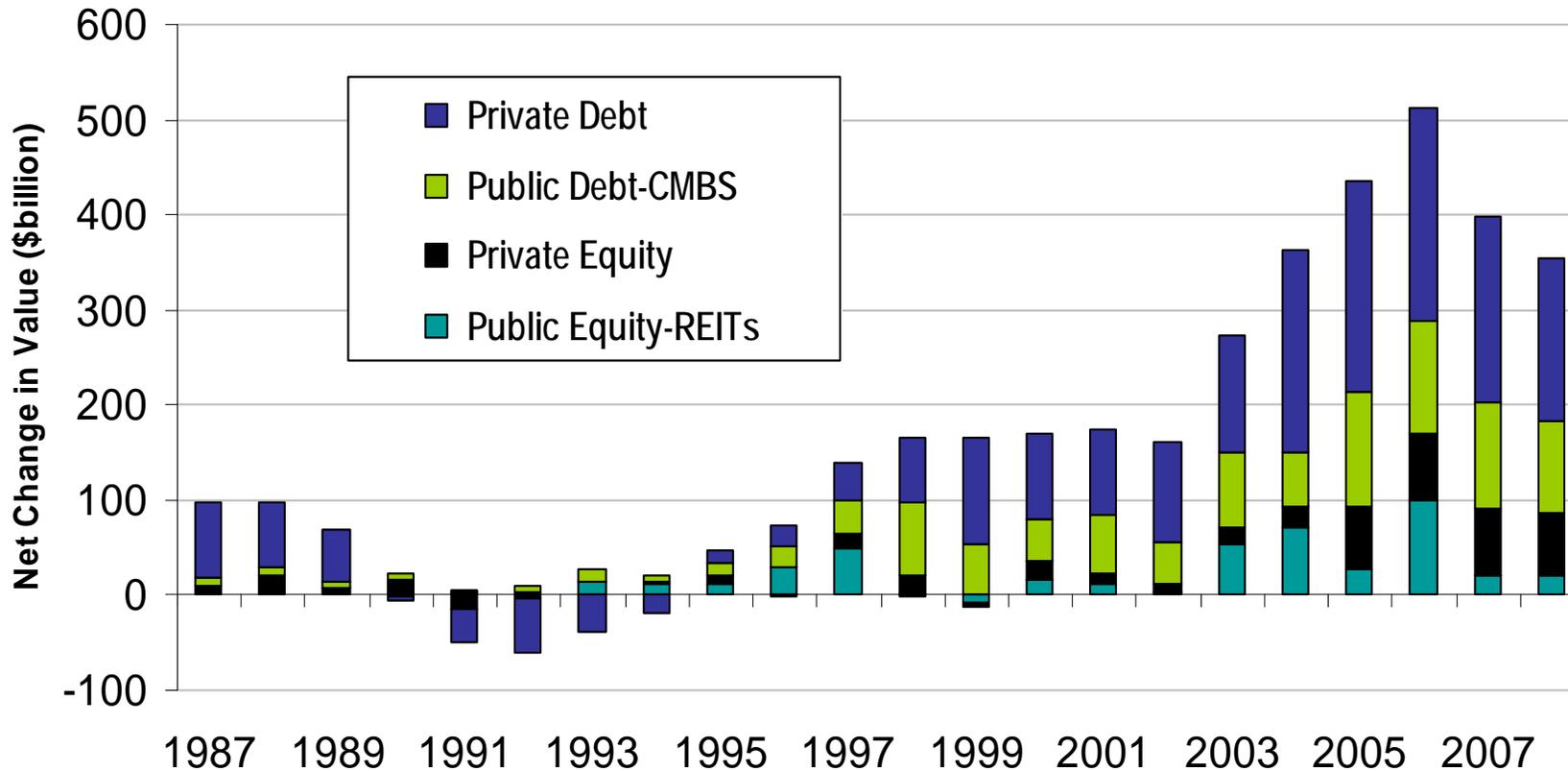
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## Capital Markets

- NoVA Office Building Sales
  - 2006 – \$5.8 Billion
  - 2007 YTD - \$5.0 Billion
- There is Capital in the Pipeline

# US REAL ESTATE PORTFOLIOS GROWING AT A RECORD PACE

(NET INCREASE IN AGGREGATE HOLDINGS) As of Q4 2006



\*Sources: LaSalle Investment Management, NAREIT, Federal Reserve, P&I, Bureau of Economic Analysis, NCREIF, RCA

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## Capital Markets

- NoVA Office Building Sales
  - 2006 – \$5.8 billion
  - 2007 YTD - \$5.0 billion
- There is capital in the pipeline
- Buildings are being sold vacant or under construction
- Available and inexpensive debt is critical
- Washington Region continues to be preferred
  - Safety and stability
  - 24/7 city
  - Educated workforce

# CASSIDY & PINKARD COLLIERS FORECAST

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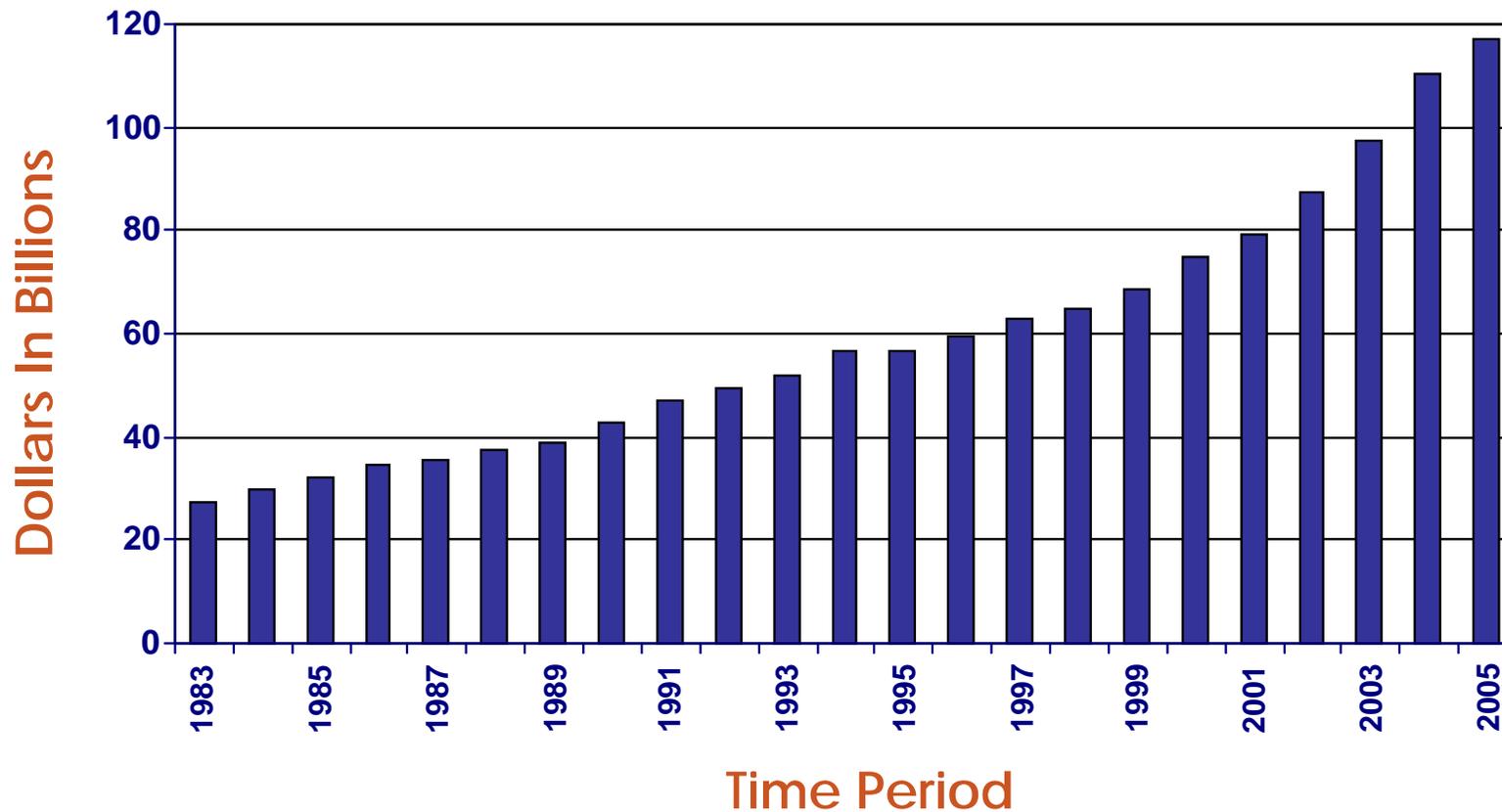
## The Office Market

- Federal Procurement leads the way

# CASSIDY & PINKARD COLLIERS FORECAST

## The Office Market

### Federal Procurement



\*Sources: George Mason University School of Public Policy's Center for Regional Analysis

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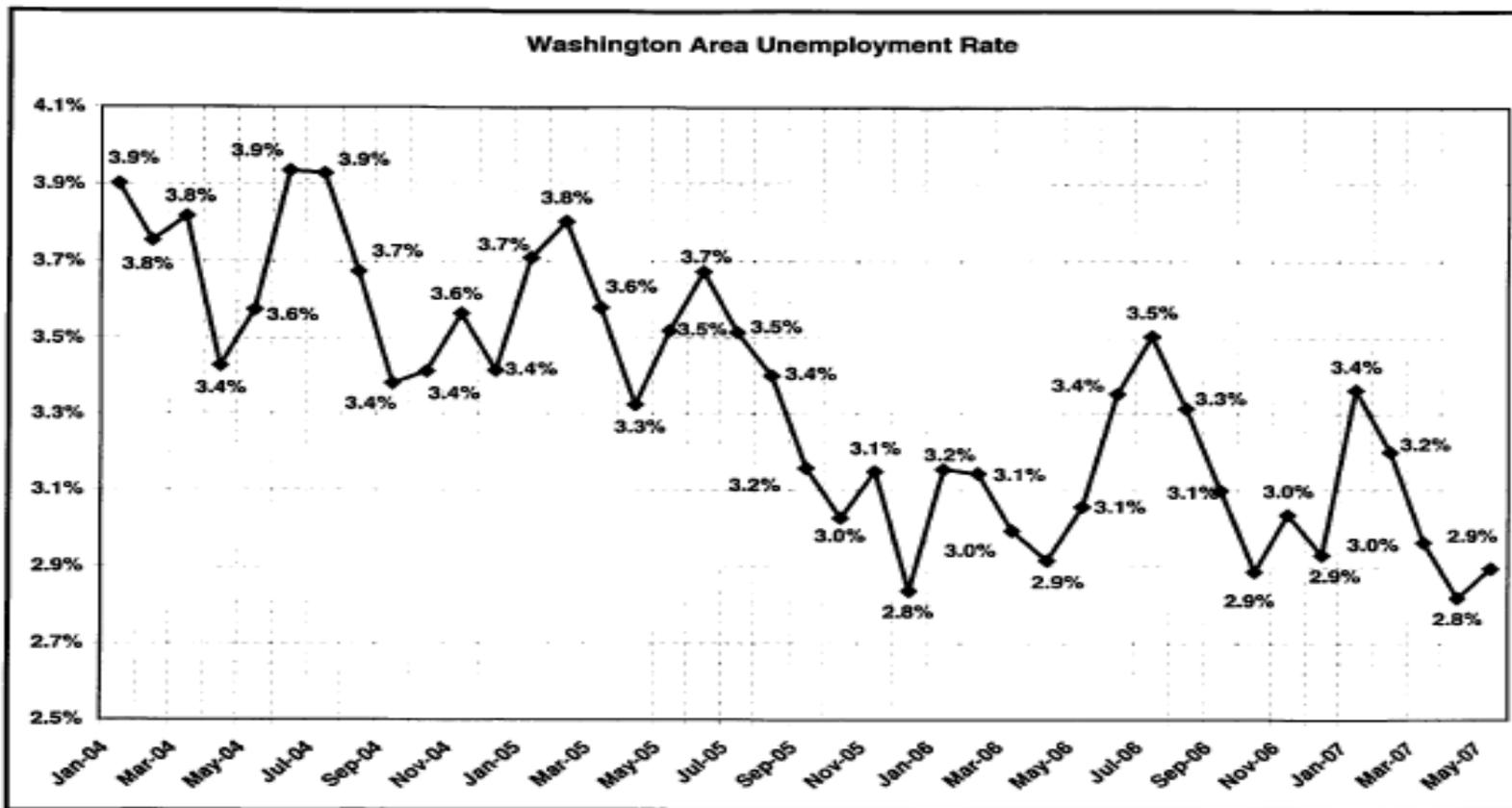
## The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role

# CASSIDY & PINKARD COLLIERS FORECAST

## The Office Market

- Labor Markets play a critical role



Source: George Mason University School of Public Policy's Center for Regional Analysis

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## The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role
- Knowledge workers will drive demand

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## The Office Market

### AT A GLANCE: GREATER WASHINGTON'S KNOWLEDGE WORKERS

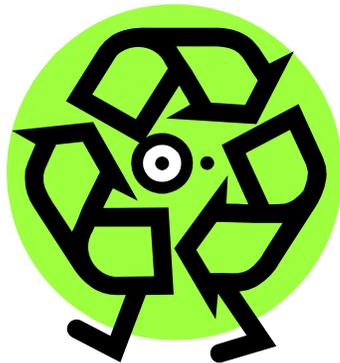
Professional Category	2005	Projected 2014	Growth (2005-2014)	US Average
Professional Services	432,660	496,480	14.8%	13.2%
Information Technology	219,950	281,540	28.0%	24.3%
Healthcare	211,060	248,540	17.8%	20.5%
Education & Research	178,400	185,380	3.9%	2.2%
Media, Arts & Design	72,450	81,820	12.9%	11.6%
<b>Knowledge Workforce</b>	<b>1,114,520</b>	<b>1,293,760</b>	<b>16.1%</b>	<b>14.1%</b>

Source: Bureau of Labor Statistics, 2004-2005. GWI Analysis, 2007

# CASSIDY & PINKARD COLLIERS FORECAST

## The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role
- Knowledge workers will drive demand
- Disengagement from Iraq will affect us
- Green is Gold



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