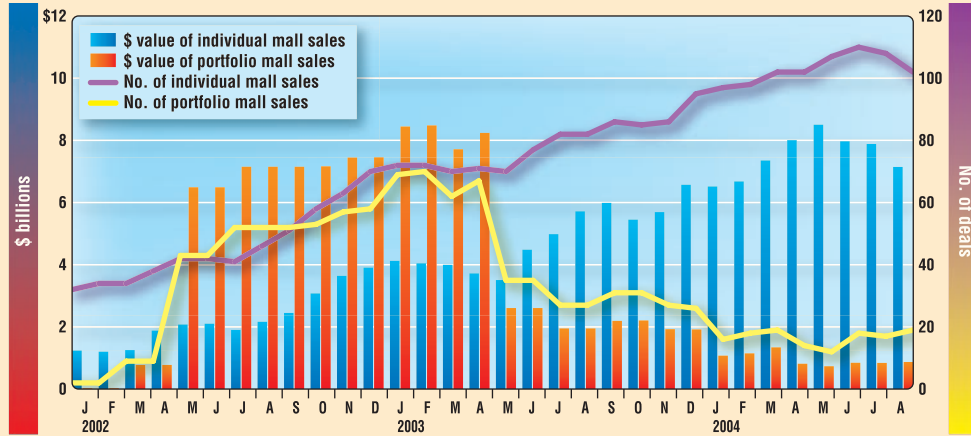


# THE BOTTOM LINE

BY DONNA MITCHELL

## White-hot market cools

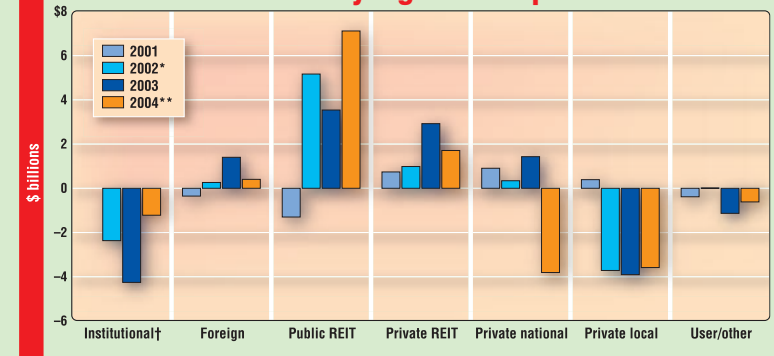


The mall property sales frenzy may have peaked in June, suggests research by Real Capital Analytics, which recorded 110 individual malls sold that month. Individual mall sales were trending definitively downward going into September, the first such move in two years. Private national investors are the drivers here, as they cut loose the retail holdings they had been gathering. Mall portfolio sales have been on the decline since 2003.

Data based on properties & portfolios valued at \$5 million and greater.

Source: Real Capital Analytics

## Who's buying for keeps?



Public and private REITs are still the chief buyers of retail real estate, even after their sell-offs. They have already bought about \$9 billion worth this year. Meanwhile, private nationals, competitors for retail assets last year, have swung back dramatically. Having hit their investment targets, analysts say, they are unloading this year, joining private locals as the leading sellers.

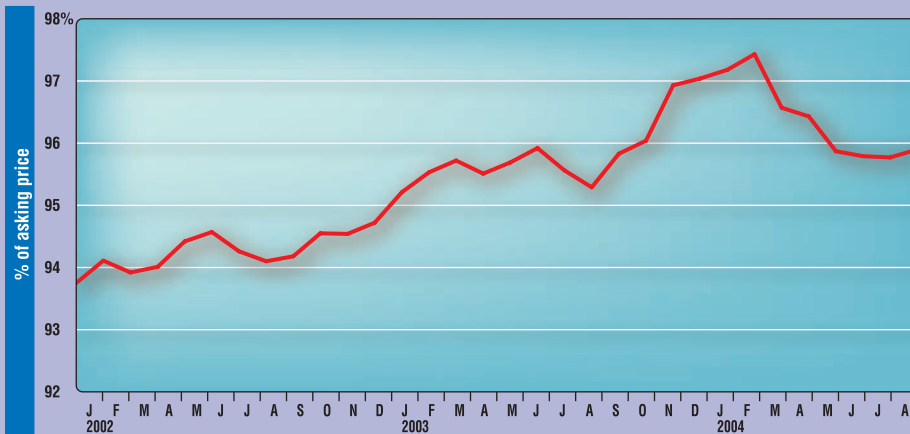
\* Excludes Rodamco mall portfolio.

\*\* Through Aug. 31.

† In 2001, institutional purchases and sales were about equal.

Source: Real Capital Analytics

## Easing the pressure



Retail property sales volume was at about \$2 billion in August, the lowest in more than a year. One factor is that buyers are paying about 96 percent of the asking price, down from a year-to-date high of more than 97 percent in January and February. Thus, experts say, values seem to be settling after the relentless rise of the past two years.

Source: Real Capital Analytics

## Big spenders

Acquirer	Target	Property focus	Status	Price (\$B)
Starwood Hotels & Resorts	ITT Corp.	Hotel	Completed	\$14.6
General Growth Properties	The Rouse Co.	Retail/mall	Pending	12.6
Equity Office Properties Trust	Spieker Properties	Office	Completed	7.3
Simon Property Group	Corporate Property Investors	Retail/mall	Completed	5.8
Westfield America Trust; Simon Property Group; The Rouse Co.	Rodamco North America	Retail/mall	Completed	5.3
Simon Property Group	Chelsea Property Group	Retail/mall	Pending	4.8
Equity Office Properties Trust	Cornerstone Properties	Office	Completed	4.6
Equity Office Properties Trust	Beacon Properties Corp.	Office	Completed	4.0
Plum Creek Timber Co.	The Timber Co.	Diversified/other	Completed	4.0
Cerberus Capital; Blackacre Institutional Capital	LNR Property Corp.	Diversified/other	Pending	3.8

Retail REITs, which account for about 30 percent of the total REIT market (based on current equity market cap), are putting their financial heft to work. They represented four of the 10 biggest mergers REITs and real estate operating companies completed over the past 10 years.

Source: SNL Financial