

TOP STORY

REITs Return 9.3 Percent in Third Quarter

Real estate securities continued their strong performance in third quarter 2003. The SNL Equity REIT Index reported total returns of 9.3 percent. Year-to-date, REITs have returned 25.1 percent.

Hotel companies continued to outperform in the third quarter, with hotel REOCs returning 18.4 percent and hotel REITs reporting gains of 16.9 percent.

According to William Marks, a hotel industry analyst with JMP Securities, "Recent RevPAR [revenue per available room] statistics have shown growth, which we attribute to strong leisure travel to urban, resort and drive-to locations across the United States."

REIT Total Returns, Third Quarter 2003

| <u>Subindex</u> | <u>Q3 2003</u> | <u>YTD</u> |
|------------------------|----------------|--------------|
| Hotel REOCs | 18.4% | 31.5% |
| Hotel REITs | 16.9% | 14.4% |
| Self-Storage | 14.6% | 26.2% |
| Enclosed Malls | 13.6% | 36.3% |
| Multifamily | 11.4% | 21.1% |
| Healthcare | 10.9% | 31.7% |
| Industrial | 10.2% | 22.4% |
| Triple-Net | 10.1% | 23.9% |
| Shopping Centers | 8.5% | 30.9% |
| Non-Hotel REOCs | 8.5% | 23.2% |
| Manufactured Housing | 5.2% | 29.7% |
| Office | 4.7% | 20.6% |
| SNL Equity REIT | 9.3% | 25.1% |

Multifamily REITs had a total return of 11.4 percent in third quarter 2003, despite continuing weak fundamentals. According to Stephen Swett, an apartment analyst with Wachovia Securities, "Multifamily fundamentals are cyclical, driven by shifting drivers of demand, a lag in construction deliveries and a lease structure that allows market fundamentals to impact cash flows more quickly."

SNL Financial predicts longer-term factors could be in the apartment industry's favor, such as the increasing likelihood of rising interest rates and a weakening single-family housing market.

Office REITs had the weakest performance in the third quarter, with a total return of 4.7 percent. Year-to-date, the office sector has returned 20.6 percent.

According to SNL, office fundamentals will remain weak until employment picks up decisively. Long-term joblessness — defined as being out of work for 27 weeks or longer — has reached 2.1 million people. This is the highest rate since November 1983. *Sources: GlobeSt.com, 10/8/03; SNL Financial, 10/1/03; released 9/19/03 10/3/03*

SEARCHES

Massachusetts PRIM Hires Appraiser

The \$28 billion Massachusetts Pension Reserves Investment Management (PRIM) board has hired Cushman & Wakefield to provide real estate appraisal services for its \$1.8 billion separate account program. The board selected the real estate services firm at its meeting on Oct. 7.

PRIM's long-term real estate allocation is 10 percent, although currently the board has 6 percent allocated to real estate. About 90 percent of PRIM's real estate investment is in a multimanager separate account program. REITs make up the remainder of the allocation and do not require appraisal services. The Townsend Group and Morris & Morse provide real estate consulting

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services for the investment board. *Source: Institutional Real Estate, Inc.*

JOINT VENTURES

Tanger JV to Buy \$491 Million of Outlet Centers

Tanger Factory Outlet Centers (NYSE: SKT), in a joint venture with an affiliate of Blackstone Real Estate Advisors, has agreed to buy a nine-property factory outlet portfolio from Charter Oak Partners, a venture of Rothschild Realty that also includes the Ohio Public Employees' Retirement System.

The 3.3 million-square-foot portfolio will be acquired for \$491 million, including the assumption of \$187 million of debt. The transaction is expected to close during the fourth quarter. Compass Advisers LLP, an investment-banking firm based in New York City, advised Tanger on the transaction.

The properties are located in Alabama, Connecticut, Delaware, Illinois, New Hampshire, Oregon, South

Urdang JV Acquires Two Retail Assets

The Institutional Real Estate Universe tracked 31 acquisitions last week — 10 office purchases, seven industrial deals, six multifamily transactions, six retail buys and two hotel investments.

Urdang & Associates Real Estate Advisors, on behalf of its institutional investor clients, has purchased two shopping centers totaling more than 1.1 million square feet in a joint venture with an affiliate of Stoltz Bros. The properties were acquired for \$75 million. The 777,248-square-foot McKinley Mall is located in Buffalo, N.Y. The property will be leased and managed by Stoltz. The 328,607-square-foot Vero Beach Outlet Center in Vero Beach, Fla., will continue to be managed by Tanger Factory Outlet Centers (NYSE: SKT).

For more information on recent transactions, see the table below.

COMMERCIAL REAL ESTATE ACQUISITIONS

| Buyer | Seller | Type | Size | Location | Price (\$M) | Price/Unit |
|-------------------------------------|----------------------------------|------------|--------------|--------------------|-------------|--------------|
| Pacific Property Co. | Not disclosed | Apts | 104 units | Sherman Oaks, CA | \$18.00 | \$173,076.92 |
| Lane Co. | Korman/Whitehall Fund | Apts | 808 units | Dunwoody GA | \$89.00 | \$110,148.51 |
| Pacific Property Co. | Stoneridge Realty & Investment | Apts | 324 units | San Diego, CA | \$32.50 | \$100,308.64 |
| Pacific Property Co. | H&M Properties | Apts | 86 units | San Diego, CA | \$8.50 | \$98,837.21 |
| Not disclosed | Capital Foresight Inland | Apts | 192 units | San Bernardino, CA | \$11.47 | \$59,739.58 |
| CLK Management Corp. | Equity Residential | Apts | 960 units | Memphis, TN | \$36.50 | \$38,020.83 |
| Dewberry Capital | Wyndham International | Hotel | 191 rooms | Atlanta, GA | \$21.75 | \$113,874.35 |
| Franklin Croft Hospitality | HBH Holdings LLC | Hotel | 129 rooms | San Diego, CA | \$11.60 | \$89,922.48 |
| AMB Property Corp. | International Airport Centers | Industrial | 3,379,706 sf | Multi-state | \$481.00 | \$142.32 |
| New Boston Fund | Not disclosed | Industrial | 100,000 sf | Burlington, MA | \$6.00 | \$60.00 |
| TA Associates Realty | First Industrial Realty Trust | Industrial | 594,000 sf | Portland, OR | \$35.00 | \$58.92 |
| Baceline Core Investors LLC | Not disclosed | Industrial | 221,000 sf | Denver, CO | \$12.38 | \$56.02 |
| Dreisbach Enterprises | 999 98th Ave. Associates | Industrial | 89,000 sf | Oakland, CA | \$4.70 | \$52.81 |
| Baron Manufacturers & Design | Acro Molded Products | Industrial | 93,119 sf | Pompano Beach, FL | \$3.90 | \$41.88 |
| FJM Investments | Equitable Life Assurance Society | Industrial | 1,000,000 sf | Rancho Cordova, CA | \$40.00 | \$40.00 |
| AEW Capital Management LP | INVESCO Realty Advisors | Office | 104,218 sf | Washington, DC | \$27.50 | \$263.87 |
| GE Asset Mgmt./Sentre Partners | Koll Co., et al. | Office | 372,828 sf | San Diego, CA | \$88.00 | \$236.03 |
| Maguire Properties | Metropolitan Life Insurance Co. | Office | 975,000 sf | Los Angeles, CA | \$225.00 | \$230.77 |
| Younan Properties | Kearny Real Estate Co. | Office | 62,000 sf | Woodland Hills, CA | \$9.80 | \$158.06 |
| AmeriVest Properties | Not disclosed | Office | 79,223 sf | Scottsdale, AZ | \$12.30 | \$155.26 |
| Pacific Coast Capital Ptrs., et al. | Transwestern Inv./Starwood R. E. | Office | 452,000 sf | Norwalk, CA | \$50.00 | \$110.62 |
| New Boston Fund | Not disclosed | Office | 116,000 sf | Westwood, MA | \$10.10 | \$87.07 |
| Granite Properties | Alder Property Association | Office | 310,000 sf | Houston, TX | \$25.00 | \$80.65 |
| Not disclosed | W.A. Wilde Co. | Office | 171,000 sf | Holliston, MA | \$11.10 | \$64.91 |
| Barker Pacific Group | AEW Advisors | Office | 148,721 sf | Los Angeles, CA | \$9.00 | \$60.52 |
| WH Glendale Marketplace LLC | Regent Properties/Tolkin Group | Retail | 160,000 sf | Glendale, CA | \$43.00 | \$268.75 |
| Tanger/Blackstone R. E. Advisors | Charter Oak Partners | Retail | 3,300,000 sf | Multi-state | \$491.00 | \$148.79 |
| Passco Real Estate Enterprises | Center Oak Properties | Retail | 340,000 sf | Wenatchee, WA | \$43.00 | \$126.47 |
| Inland Retail Real Estate Trust | Thomas Enterprises | Retail | 1,400,000 sf | Fayetteville, GA | \$172.00 | \$122.86 |
| Urdang & Associates/Stoltz Bros. | Not disclosed | Retail | 1,105,855 sf | Multi-state | \$75.00 | \$67.82 |
| Feldman Equities/Lubert-Adler | Prudential Insurance Co. | Retail | 840,000 sf | Harrisburg, PA | \$17.50 | \$20.83 |

Carolina and Utah. The portfolio generates average annual sales of \$280 per square foot.

Tanger will own one-third of the joint venture, and Blackstone will own two-thirds. The REIT will provide operating, management, leasing and marketing services for the properties. *Sources: Commercial Real Estate Direct, 10/8/03; PRNewswire, 10/6/03*

PROPERTY TRANSACTIONS

AMB to Acquire Airfreight Portfolio

AMB Property Corp. (NYSE: AMB) has entered into a definitive agreement to acquire a portfolio of 37 airfreight buildings from International Airport Centers (IAC) for approximately \$481 million, including the assumption of \$119 million of debt.

The properties, totaling nearly 3.4 million square feet of industrial space, are located adjacent to seven international airports in the United States.

| <u>Location/Airport</u> | <u>Size (sf)</u> | <u>No. of Bldgs.</u> |
|-------------------------|------------------|----------------------|
| Los Angeles/LAX | 816,862 | 11 |
| Charlotte, NC/CLT | 588,028 | 11 |
| New York City/JFK | 526,935 | 4 |
| Seattle/SEA | 514,432 | 8 |
| Houston/IAH | 410,000 | 1 |
| Boston/BOS | 376,267 | 1 |
| Miami/MIA | 147,182 | 1 |
| Total: | 3,379,706 | 37 |

“Seventy percent of the portfolio’s total square footage and more than 80 percent of its income is generated from

facilities adjacent to AMB’s target airports of Los Angeles International, John F. Kennedy International, Sea-Tac International, Logan Airport and Miami International,” says Hamid Moghadam, AMB’s chairman and CEO.

The first phase of the acquisition, composed of 25 buildings, closed Oct. 9 for \$167 million and includes buildings in Los Angeles, Seattle, Miami and Charlotte, N.C. The balance of the portfolio is expected to close in additional tranches totaling \$130 million by the end of 2003 and \$184 million by third quarter 2004.

According to W. Blake Baird, AMB’s president, “In addition to this strategic real estate acquisition, AMB and IAC will form a new company — AMB International Airport

Southern California Business Park Under Way

The Institutional Real Estate Universe tracked 19 development projects last week. These projects comprise six industrial facilities, five apartment communities, four retail complexes, three hotels and one office building.

Lennar Partners broke ground last week on the first phase of March Business Center, a business park located at the former March Air Force Base in Riverside County, Calif. The \$100 million first phase is expected to comprise 5 million square feet of warehouse and light-industrial space. The entire development is projected to cost \$1 billion and comprise 16 million square feet of space.

See the table below for more information about last week’s developments.

COMMERCIAL REAL ESTATE DEVELOPMENTS

| <u>Developer</u> | <u>Status</u> | <u>Completion</u> | <u>Type</u> | <u>Size</u> | <u>Location</u> | <u>Cost (\$M)</u> |
|---|----------------------|-------------------|-------------|--------------|----------------------|-------------------|
| Fitzsimons Redevelopment Authority | Under construction | 1/1/2006 | Apts | 487 units | Denver, CO | \$57.00 |
| Clinton Assn. for a Renewed Environment | Under construction | 3/1/2005 | Apts | 96 units | New York, NY | \$21.00 |
| Fortune International | Initial announcement | N/A | Apts | 248 units | Sunny Isles Bch., FL | N/A |
| GFI Partners | Initial announcement | N/A | Apts | 172 units | Haverhill, MA | N/A |
| Madison Capital Group | Initial announcement | N/A | Apts | 147 units | Sunny Isles Bch., FL | N/A |
| Crestline Hotels & Resorts, et al. | Completion | 10/7/2003 | Hotel | 300 rooms | Sugar Land, TX | \$54.00 |
| Corvallis Hospitality LLC | Completion | 10/7/2003 | Hotel | 128 rooms | Corvallis, OR | N/A |
| Allied Hospitality | Initial announcement | 8/30/2004 | Hotel | 120 rooms | Houston, TX | N/A |
| Lyme Properties, et al. | Initial announcement | 1/1/2006 | Industrial | 575,000 sf | Boston, MA | \$120.00 |
| Lennar Partners | Under construction | 1/1/2004 | Industrial | 5,000,000 sf | Riverside Cty., CA | \$100.00 |
| Atapco Properties/Human Vision LLC | Initial announcement | N/A | Industrial | 1,000,000 sf | Capitol Hts., MD | N/A |
| International Airport Centers | Under construction | 7/1/2004 | Industrial | 410,000 sf | Houston, TX | N/A |
| Archway Mktg. Svcs./Opus Northwest | Under construction | 8/1/2004 | Industrial | 217,000 sf | Greenfield, MN | N/A |
| Venture Corp. | Initial announcement | 5/1/2004 | Industrial | 138,400 sf | San Jose, CA | N/A |
| Cisterra Partners | Initial announcement | 1/1/2006 | Office | 335,000 sf | San Diego, CA | \$80.00 |
| Taubman Centers | Under construction | 9/15/2005 | Retail | 1,100,000 sf | Charlotte, NC | N/A |
| CBL & Associates Properties | Completion | 10/8/2003 | Retail | 354,686 sf | Waterford, CT | N/A |
| Wal-Mart Stores | Initial announcement | 11/1/2004 | Retail | 203,000 sf | Centennial, CO | N/A |
| US Land Investments LLC | Initial announcement | 5/1/2004 | Retail | 110,000 sf | Charlotte, NC | N/A |

Centers — in which we will be 50/50 partners engaged in the development and management of near-airport facilities in our target markets.” *Source: PRNewswire, 10/9/03*

MetLife Sells Los Angeles Office High-Rise

Maguire Properties (NYSE: MPG), a Los Angeles-based REIT, has agreed to acquire a 975,000-square-foot office tower from the Metropolitan Life Insurance Co. (MetLife) for \$225 million.

The transaction, which is expected to close in November, will be funded with cash and a \$146.3 million seven-year mortgage loan at a fixed interest rate of 4.73 percent, provided by MetLife.

One California Plaza is a 42-story, class “A” office building located at 300 S. Grand Ave. in the Bunker Hill area of downtown Los Angeles. With the completion of this transaction, Maguire will own 6.2 million square feet — more than 60 percent — of the office space in the Bunker Hill submarket.

The property is subject to a ground lease with the Los Angeles Community Redevelopment Agency, with 79 years remaining on the term. The high-rise is 92 percent leased. *Source: Business Wire, 10/6/03*

OFFERINGS

OppenheimerFunds Launches REIT Fund

OppenheimerFunds has launched Oppenheimer Real Estate Fund, which invests in equity real estate securities. The fund is subadvised by Cornerstone Real Estate Advisers. Both Cornerstone and OppenheimerFunds are members of the MassMutual Financial Group.

The fund invests at least 80 percent of its net assets in common stocks and other equity securities issued by real estate companies, including REITs and REOCs. According to OppenheimerFunds, the fund’s investment approach makes extensive use of proprietary research databases to identify stocks that are believed to be best positioned to outperform given current market conditions.

“Historically, real estate stocks have provided returns with broader stock market indices, and they’ve accomplished that with much less volatility due to a steady dividend stream provided by long-term leases with their tenants,” says Scott Westphal, managing director of Cornerstone’s Real Estate Securities Investment Management unit and portfolio manager for the fund. *Source: PRNewswire, 10/8/03*

Redbrick Launches Single-Family Housing Fund

Redbrick Partners LP, a Manhattan-based boutique real estate investment firm, has launched what it believes to be the first professionally managed fund dedicated to acquiring and renting a portfolio of U.S. single-family housing.

Redbrick Partners Fund LP is raising \$15 million of equity and will use 65 percent leverage. The value-added, commingled fund had an initial closing in July and is expected to have a final closing by year-end.

NEWS BRIEF

- Trammell Crow Co. has formed an exclusive alliance with JJ Barnicke, a Canadian brokerage firm, to provide real estate services throughout the United States and Canada. The alliance replaces a relationship JJ Barnicke had with Insignia/ESG. *Source: GlobeSt.com, 10/7/03*

Traditionally, U.S. funds that invest in single-family property have focused only on new development or mortgage debt.

“The commercial real estate world has focused on large multifamily buildings due to the perceived difficulty of buying and managing a large number of homes one-by-one,” says Jonas Lee, managing partner with Redbrick. In Europe, however, there are a number of single-family housing funds. According to IPD UK, the average U.K. single-family fund had unlevered returns, including yield and appreciation, of more than 17 percent since the firm began tracking returns in 2001.

Redbrick is targeting returns of 18 percent for its new fund. “This is one area where the Europeans are well ahead of the U.S.,” says Lee, “but not for long.”

For more information, contact Lee at (212) 857-4810. *Sources: Institutional Real Estate, Inc.; released 10/8/03*

NBS Fund Completes First Closing

Morrison Street Fund I LP, a private equity fund that will make mezzanine and value-added real estate investments throughout the Pacific Northwest, has completed its initial closing with \$10.8 million of equity.

The fund, which is being raised by NBS Real Estate Capital, is targeting \$30 million of equity from institutions and high-net-worth individuals. Morrison Street Fund will focus on office, retail, industrial and multifamily properties, primarily in the metropolitan areas of Idaho, Nevada, Oregon and Washington.

“We are entering a phase in this unique real estate cycle where we could see prices for nonstabilized assets flatten or decrease even as market fundamentals begin showing signs of improvement,” says Rance Gregory, CEO of NBS Real Estate Capital.

NBS Real Estate Capital is a partnership between Gregory, an experienced private equity fund manager, and the partners of Norris Beggs & Simpson, a full-service commercial real estate firm based in Portland, Ore. For more information, contact Gregory at (503) 273-0345. *Released 10/3/03*

UPDATES

Simon Withdraws Takeover Bid for Taubman

Simon Property Group (NYSE: SPG) and Westfield America, the U.S. subsidiary of Australia-based Westfield America

WEEKLY CAPITAL MARKETS TABLE

EQUITY MARKET PERFORMANCE

| Index | # Cos. | Beg. | End | Wk. Chg. | YTD Chg |
|--------------|--------|----------|----------|----------|---------|
| DJIA | 30 | 9,572.31 | 9,674.68 | 1.07% | 15.98% |
| Nasdaq | 3,328 | 1,880.57 | 1,915.31 | 1.85% | 43.41% |
| S&P 500 | 500 | 1,029.85 | 1,038.06 | 0.80% | 17.99% |
| NYSE | 2,036 | 5,831.78 | 5,897.00 | 1.12% | 17.94% |
| Amex | 661 | 1,005.97 | 1,017.06 | 1.10% | 23.37% |
| Russell 2000 | 1966 | 512.28 | 519.06 | 1.32% | 35.49% |

MOST ACTIVE REITS BY VOLUME

| REIT | # Shares |
|--------------------------------|-----------|
| Taubman Centers | 7,690,000 |
| Highwoods Properties | 5,300,000 |
| Equity Office Properties Trust | 4,490,000 |
| Host Marriott Corp. | 4,380,000 |
| Equity Residential | 3,270,000 |

PUBLIC DEBT PRICING

| Rating | Life | Spread to LIBOR* | Spread to UST* |
|--------|----------|------------------|------------------|
| AAA | 5 years | 31 basis points | 75 basis points |
| AAA | 10 years | 33 basis points | 76 basis points |
| AA | 10 years | 41 basis points | 84 basis points |
| A | 10 years | 51 basis points | 94 basis points |
| BBB | 10 years | 99 basis points | 142 basis points |
| BBB- | 10 years | 149 basis points | 192 basis points |

*Source: Fixed-rate spreads from Morgan Stanley CMBS Research as of 10/8/03

REIT MARKET PERFORMANCE

| Index | # Sec | Beg. | End | Wk. Chg. | YTD (%)** |
|---------------------|-------|--------|---------|----------|---------------|
| NAREIT— Equity | 144 | 330.73 | 333.37* | 0.80%* | 22.72 / N.A. |
| Morgan Stanley REIT | 110 | 549.16 | 553.60 | 0.81% | N.A. / 29.35 |
| Bloomberg Lg. Cap | 42 | 165.10 | 166.54 | 0.87% | 21.86 / 28.25 |
| Bloomberg Mid Cap | 27 | 221.03 | 215.21 | -2.63% | 22.62 / 28.99 |
| Bloomberg Sm. Cap | 65 | 141.88 | 143.13 | 0.88% | 20.62 / 26.98 |
| Bloomberg REIT | 134 | 146.36 | 146.80 | 0.30% | 22.17 / 28.57 |
| Wilshire REIT | 87 | 139.79 | 140.83 | 0.74% | 22.81 / N.A. |
| S&P REIT | 100 | 110.66 | 111.50 | 0.76% | 22.77 / 29.26 |

*preliminary figure

**price appreciation / dividends reinvested

INDIVIDUAL COMPANY PERFORMANCE

Best-Performing REITs in the Morgan Stanley REIT Index

| 1 Week | Year-to-Date | |
|-----------------------|------------------------|--------|
| Keystone Ppty. Trust | Ventas | 58.08% |
| FelCor Lodging Trust | Acadia Realty Trust | 53.91% |
| Equity Inns | Chelsea Ppty. Group | 46.98% |
| Innkeepers USA Trust | Senior Housing Ppty.s. | 43.64% |
| Mid-America Apartment | Trizec Properties | 42.70% |

Worst-Performing REITs in the Morgan Stanley REIT Index

| 1 Week | Year-to-Date | |
|-----------------------|-----------------------|---------|
| Sun Communities | Boykin Lodging Co. | -10.93% |
| Urstadt Biddle | Crescent Real Estate | -6.01% |
| Heritage Property | Associated Estates | -4.30% |
| Associated Estates | Great Lakes REIT | -3.60% |
| Investors Real Estate | Investors Real Estate | 0.10% |

Market Rises Second Consecutive Week

Broad market indices rose last week, with the Dow Jones Industrial Average increasing close to 1.1 percent. The Nasdaq Composite Index climbed nearly 1.9 percent, and the S&P 500 Index advanced 0.8 percent. Trading was light on Friday, as some investors took the day off and others began preparing for the quarterly earnings season.

REITs advanced last week, with the Morgan Stanley REIT Index, NAREIT Equity REIT Index and S&P REIT Index each returning about 0.8 percent.

See the table above for more information about last week's market changes.

Trust, have ended their hostile takeover attempt of Taubman Centers (NYSE: TCO), withdrawing their \$20 per share tender offer for all Taubman's outstanding common shares.

Simon and Westfield dropped their takeover bid after Michigan Governor Jennifer Granholm signed into law a bill amending the Michigan Control Share Acquisitions Act. The bill was recently passed by the Michigan legislature.

The law overturns a ruling earlier this year by U.S. District Judge Victoria Roberts that the Taubman family had violated the statute by not obtaining approval for some

of their voting shares. With the passage of the legislation, Taubman family members and friends will not need the approval of the company's other public shareholders to vote their 33.6 percent controlling block of shares. The takeover attempt required the approval of two-thirds of Taubman's shareholders.

Simon began its hostile takeover of Taubman in November 2002. In January, Westfield joined the takeover attempt. Sources: *Detroit Free Press*, 10/8/03; *Indianapolis Star*, 10/8/03; *PRNewswire*, 10/8/03

SPANNING THE GLOBE

Principal to Advise German Property Fund on U.S. Real Estate Acquisitions

Principal Real Estate Investors has formed a strategic partnership with Commerz Grundbesitz-Spezialfondsgesellschaft mbH (CGS), an affiliate of the Commerz Grundbesitz Group based in Wiesbaden, Germany. Principal will serve as CGS' U.S. adviser and provide portfolio management, acquisition, disposition and asset management services.

CGS is a sponsor of real estate funds targeted to German institutional investors and is preparing to make its first foray into U.S. real estate, launching its first U.S.

property fund in early 2004. The initial CGS-U.S. Spezialfond will have a target capitalization of \$500 million.

"U.S. real estate is still relatively well-priced and offers comparatively higher yields than European real estate," says Jay Davis, managing director and portfolio manager with Principal.

Principal Real Estate Investors is the dedicated real estate group of Principal Global Investors, a unit of Des Moines-based Principal Financial Group, and currently manages or subadvises more than \$24 billion in commercial real estate assets. Founded in 2001, CGS currently manages three property funds for German institutional investors. *Released 10/7/03*

MORTGAGE NEWS

CMBS Tops \$16 Billion in Third Quarter 2003

More than \$16.4 billion of commercial mortgage-backed securities priced in the third quarter, with close to \$14.9 billion of that from fixed-rate conduit deals. Third quarter 2002 saw approximately \$14.2 billion of CMBS price.

The third quarter had several large deals. Of the 13 CMBS offerings in the third quarter tracked by *Commercial Real Estate Direct*, 10 exceeded \$1 billion in size each. The largest was the \$1.46 billion LB-UBS Commercial Mortgage Trust 2003-C7, which priced Sept. 23.



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Year-to-date, \$51.2 billion of CMBS has priced, with more than \$38.8 billion in fixed-rate offerings. Issuance volume in 2003 is on track to outpace last year's volume. In the first nine months of 2002, \$44.1 billion of CMBS priced, and last year's CMBS issuance totaled nearly \$61.2 billion. *Source: Commercial Real Estate Direct, 10/9/03*

PEOPLE

Stuart Backer, John Luongo, Joseph Ottaiano and Jeffrey Strauss have been named principals of Schonbraun Safris McCann Bekritsky & Co. LLC, a national consulting and accounting firm specializing in real estate.

Robert Ballard, Paul Glickman and A. Mitti Liebersohn have been promoted to executive vice presidents with Cushman & Wakefield. Most recently, Ballard, Glickman and Liebersohn were executive directors with the firm.

David Dorros has been named head of L.J. Melody & Co.'s new national loan sale advisory group. Dorros joins L.J. Melody from Cushman & Wakefield, where he was responsible for the advisory and placement of more than \$12 billion of loan asset sales. **Patrick Arangio**, who participated in the sale of more than \$2.5 billion of loan assets, also has joined L.J. Melody from Cushman &



Henderson Global Investors (North America) Inc. is pleased to announce that

Daniel M. McDonough

has joined its Institutional Marketing team as Director, Institutional Business Development. Mr. McDonough's primary responsibility is to assist public pension funds with their real estate allocations.

Mr. McDonough, who is located in Henderson's Hartford, Connecticut office, was previously with Lend Lease in New York.

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Wakefield. In addition, **Arnie Rosenthal** and **John Farmakides**, members of CB Richard Ellis' federal financial advisory services group, will work with Dorros and Arangio, complementing their efforts.

Paul Ippolito and **Scott Klau** have been named executive vice presidents and principals of Newmark. Ippolito joined Newmark in 1991 and most recently was a senior managing director. Klau, who began his career with Newmark in 1988, previously served as senior managing director.

H. Gordon MacKenzie has been appointed chairman of the board of Eagle Real Estate Group LLC, a real estate investment company specializing in multifamily properties. In addition, MacKenzie joins Eagle co-founders **Randall Friend** and **Kenneth Melton** as a principal. MacKenzie, who has served as a member of the board of directors since the firm's inception, previously served as president and CEO of Polygon Development.

Richard Maine, a managing partner with Landmark Partners, and **Robert Harvey**, a partner with the firm, have resigned from Landmark. Maine and Harvey plan to establish a new real estate investment company. In other news, **Chad Alfeld**, **Scott Conners** and **R. Paul Mehlman** have been appointed partners with Landmark. Alfeld joined the firm in 1995 and is engaged in investor relations, marketing and transaction origination for Landmark's private equity and real estate programs. Conners, who joined Landmark in 1993, is involved in the origination, valuation and negotiation of private equity secondary and direct transactions. Mehlman joined the firm in 1996 and is engaged in the origination, valuation, negotiation and acquisition of real estate interests. In addition, **Tina St. Pierre**, who is responsible for the financial, accounting,

reporting and administration of Landmark's investment funds, has been named a principal with Landmark.

Peyton "Chip" Owen Jr. will join Equity Office Properties Trust as executive vice president and COO, effective Oct. 20. Owen, who formerly served as COO for Jones Lang LaSalle's Americas region, will be responsible for the REIT's regional operations and areas such as leasing, marketing and real estate services.

Eugene Reilly has joined AMB Property Corp. as executive vice president, North American development, and a member of the company's investment committee. Reilly, who will be based in the firm's Boston office, most recently was chief investment officer and a founding partner of Cabot Properties. In 1997, Reilly founded Cabot Industrial Trust's development group.

Jeannette Rice has joined Crescent Real Estate Equities Co.'s capital markets team as vice president, market research. Rice formerly served as a principal and senior research member for Lend Lease Real Estate Investments.

Robert Shibuya has joined Trammell Crow Co. as executive director of the firm's national brokerage services group. Shibuya joins the firm from CB Richard Ellis, where he most recently served as executive vice president of brokerage services for the western United States. In addition, **Alex Darragh** has been appointed regional director for Trammell Crow's international operations. Darragh, who will assume responsibility for all business lines outside of the United States, joined Trammell Crow in 2000 and most recently served as managing director with responsibility for the company's American Express account.

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