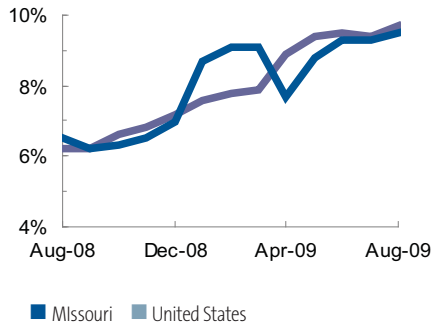


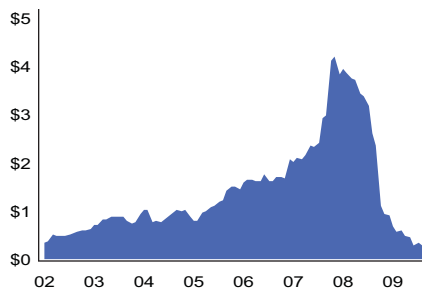
### Unemployment Rate

Annual



### St. Louis Transaction Volume

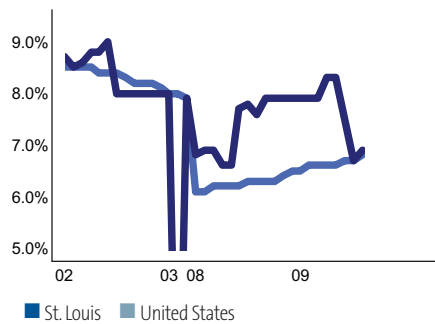
Annual (in Billions of \$)



Source: Real Capital Analytics

### Multifamily Cap Rates

Annual



Source: Real Capital Analytics

## Cash Buyers Navigate Sale/Lease Back Opportunities

Banks continue to be reluctant in recognizing the extreme distressed loan value in efforts to protect themselves from additional losses. Banks will show anticipated losses as they set aside reserves to allocate loss in the coming quarters. Purchasers are taking advantage of distressed debt and seeking foreclosed and pre-foreclosure properties. These buyers of debt have the advantage as larger national banks are likely to sell notes at a deep discount versus enter into foreclosure situations.

Sale/lease back opportunities continue to grow as sellers look to liquidate properties to infuse capital into their businesses. Cash buyers will see an average of 8-10 percent cap rates, depending on the property types. "Vulture Funds" are becoming more prevalent as entrepreneurial funds take advantage of the credit contraction situation. These funds are targeting property types familiar to the entrepreneurs' investing in them, i.e. an industrial company seeking investors to buy industrial property.

The office market continues to remain slow. The cap rates are rising with the CBD caps jumping up 160 basis points, which is double the suburban yields. On a national level, acquisition yields have moved up to 7.75 percent.

Overall, multi-family investments are stronger than other asset classes at this time. Grocery-anchored retail centers are easier to finance than many other properties as they tend to have more stability among tenants. Among notable sales this quarter, Baxter Crossing, a 694 unit apartment complex at 975 Westmeade Dr. in Chesterfield, sold for \$48 million or \$69,164 per unit.

### FORECAST

- Vulture funds will thrive as the credit contraction continues.
- Cash buyers will continue to have ample opportunities as purchasers of "work-out" situations, saving banks from entering more foreclosure situations.

### KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)
■ Bob Guller	Larry Deutsch	1111 Olive	100,000
■ Green Street Central Industrial LLC	Permacel of St. Louis, Inc.	1218 Central Industrial Dr.	155,600
■ Capital Partners	First National Bank	2318 Millpark Dr.	58,038
■ Six Fortune LLC	Silo Hills Dev. Corp.	8008 Olive Blvd.	150,965

■ Leasing ■ Sales