

## 2011 CALIFORNIA REAL ESTATE SURVEY RESULTS

### 1. Which best describes your approach to the real estate market for 2011?

Approach	2011	2010	2009
Cautious	73%	73%	69%
Bearish	4%	11%	22%
Bullish	18%	10%	6%
Staying out	4%	4%	3%
N/A	1%	2%	0%

### 2. When will the real estate market hit bottom?

Response	2011
It has already bottomed	43%
2011	26%
2012	21%
Other	10%

### 3. Which areas of real estate will be the most attractive to investors in 2011?

Area of Real Estate	Rank
Multifamily	#1
Land	#2
Retail	#3
Hotels	#4
Mixed-use	#5
Single Family	#6

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Industrial	#7
Office	#8

**4. Where do you think cap rates are going in 2011?**

Response	Percentage of respondents
Up	31%
Down	18%
No meaningful change	51%

**5. Do you think that acquiring debt will be easier, harder or the same?**

Response	2011	2010
Easier	64 %	39%
Harder	19 %	46%
Same	11%	8%
N/A	6%	7%

**6. Do you think that acquiring equity will be easier, harder or the same?**

Response	2011	2010
Easier	64%	44%
Harder	25%	44%
Same	9%	7%
N/A	2%	5%

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**7. What is the greatest challenge your business currently faces?**

<b>Challenge</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Finding the right opportunities for investment	#1	# 1	# 2
Bid/ask gap	#2	# 5	# 6
Acquiring debt	#3	#3	#1
Restructuring/working out stalled projects	#4	# 4	# 5
Protecting existing investments	#5	# 2	# 3
Acquiring equity	#6	# 6	# 4
Getting projects entitled	#7	# 7	# 7

**8. How do "distressed assets" play a role in your strategy? Check all that apply.**

<b>Statement</b>	<b>Percentage in Agreement in 2011</b>	<b>Percentage in Agreement 2010</b>	<b>Percentage in Agreement 2009</b>
We are seeking opportunistic acquisition of distressed assets	56%	60%	70%
We think current distressed assets have not yet seen bottom	36%	51%	54%
We are seeking advantageous restructure of distressed assets	32%	24%	27%
We intend to stay away from distressed assets	12%	9%	4%
We are interested only in distressed liens (rather than properties)	3%	5%	4%

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**9. Have you seen an increased willingness by financial institutions to sell notes?**

Response	Percentage
No	56%
Yes	44%

**10. If you have acquired notes, which of the following describes your experience?  
Check all that apply.**

Experience	Percentage
The note acquisition was part of a prepackaged resolution with the borrower where we promptly acquired the property	28%
The loan is performing	24%
We are actively pursuing recourse against the borrower and guarantors	20%
We restructured the debt with the borrower	16%

**11. Will 2011 be a good year to entitle and/or re-entitle properties?**

Response	Percentage
Yes	80%
No	20%

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**12. If you believe that 2011 is a good time to entitle or re-entitle properties, which of the following statements do you agree with? Check all that apply.**

Statement	Percentage in Agreement in 2011	Percentage in Agreement 2010	Percentage in Agreement 2009
Zoning authorities will be more lenient during bad economic times	51%	43%	65%
Projects can be approved faster due to lack of applications, thereby saving money	51%	46%	58%
Applicants can be more aggressive with their applications during bad economic times	49%	44%	55%
There will be less neighborhood opposition to a project during high unemployment times	26%	24%	21%

**13. If you are involved in hotels, please check all statements below that apply.**

Statement	Percentage
We are involved in distressed hotels	52%
We currently own hotels	38%
We plan to invest in hotels in 2011	33%
We are seeking loan modifications for hotels	19%

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**14. What environmental challenges (under CEQA) will your business face in 2011?**

Challenge	Rank
Storm water	#1
Greenhouse gas emissions	#2
Endangered Species Act	#3

**15. What area(s) of real estate are you involved in? Check all that apply.**

Area of Real Estate	Percentage of Respondents in 2011	Percentage of Respondents in 2010	Percentage of Respondents in 2009
Multifamily	63%	54%	64%
Mixed Use	57%	47%	49%
Retail	46%	46%	45%
Office	42%	38%	44%
Land	39%	31%	32%
Single Family	34%	32%	22%
Industrial	31%	32%	35%
Hotel	28%	26%	27%
Other	9%	10%	15%

**We would like to thank the 71 executives who participated in our 2011 survey.**

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