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March 2011 Commercial Real Estate Outlook:

Middle East Speed Bump

Tensions in the Middle East and the associated rise in oil prices will likely be a speed bump on the path to economic growth. However, the global economy's dependence on oil and the impact higher oil prices has on growth will keep Middle East tensions a weight on equity markets in the near term likely creating attractive buying opportunities. The doomsday scenarios of oil prices: 1) over $130 a barrel and/or 2) developed and developing markets leaders taking sides with Middle East leaders resulting in global escalation of conflicts, have obvious negative implications.

Inflation concerns have been rising, and increases in oil prices have added fuel to the fire. Real estate will likely serve as a store of wealth in an inflationary environment as rents and occupancies would move higher in the face of little new construction and modest economic growth. Higher interest rates have historically proven a good environment for real estate valuations to expand during early economic recoveries.

Hotels Most at Risk, Retail Not Immune from Oil's Rise

Hotels are the most obvious sector that maybe impacted by a sustained increase in fuel costs as airline prices rise and prices of gas at the pump rise, deterring some travel. Most directly impacted from the Middle East unrest will likely be hotel operators with the large presence in the region; Starwood Hotels & Resorts (NYSE: HOT) has about 7%-8% of its hotel rooms in the Middle East and Africa region.

The consumer could also be squeezed from higher gas prices and inflationary pressures, which could impact the recovery of consumer confidence and spending. The lower end consumer would likely be most affected given the greater impact on discretionary spending. Retailers, retail centers and homebuilders that cater to the lower end consumer would be at the greatest risk.

Healing CMBS Markets Could Help Out B and C Class Assets

Debt markets continue to improve with the recent leg of improvement benefitting B and C class assets as the CMBS markets come back to life. Specifically, life companies and banks offer rates and terms that CMBS lenders cannot compete with to create returns for CMBS investors that are attractive. As such, the CMBS lending activity is more focused on B and C assets where there is less competition. As more debt becomes available at more attractive terms, B and C class assets may experience price increases at a greater rate than A class assets in top tier markets. New issue CMBS spreads for BBB's have tightened 95 bps year-to-date to 220 bps over swaps. (Figure 1)

Figure 1: New Issue CMBS Spreads Have Narrowed Year-To-Date

Type	Current Spread (bps)	YTD Change (bps)
5 year AAA	110	(5)
10 Year AAA	115	(15)
10 Year AA	145	(55)
10 Year A	180	(70)
10 Year BBB	220	(95)

Source: JP Morgan

Improving Real Estate Fundamentals Evident In Earnings Reports

Operating results were largely better than expected across the board during the fourth quarter, even in sectors where the recovery in fundamentals has lagged. The real estate sector generated 1.9% same store net operating income (NOI) growth during the fourth quarter, continuing the improving trend of real estate fundamentals. (Figures 2 and 3). Earnings came in approximately 1% ahead of expectations for the quarter and we expect further upside surprises will likely transpire as 2011 unfolds. The industry is likely

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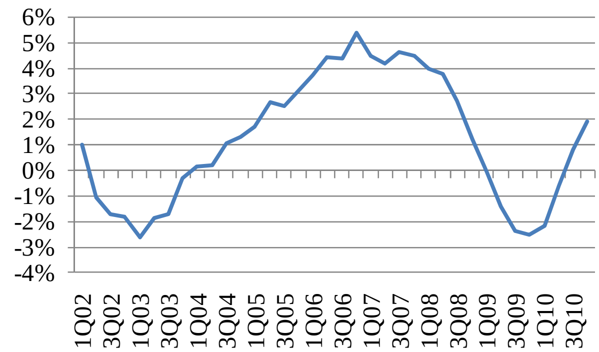
to generate approximately 10%-12% earnings growth this year, driven by an accelerating core growth. A few highlights of sector trends during the fourth quarter:

- The short-term lease sectors of lodging, storage and apartments generated the strongest year-over-year growth and should continue to lead the industry throughout the year.
- CBD office companies generated modestly positive NOI growth while suburban office companies continued to show declines of 2.5%. Central business district office is exhibiting the most strength in Manhattan and Washington D.C. Southern California is starting to turn the corner, while many suburban markets will likely have the longest road to recover.
- Industrial occupancies are beginning to recover, but significant rent declines in recent years is keeping same store NOI growth in the red.
- High end retail centers are significantly outpacing lower end centers with 3% NOI growth vs. flat NOI for landlords of lower end centers.

Figure 2: SS NOI Growth Improved to 1.9% in the Fourth Quarter



Source: Citi

Figure 3: Short Lease Term Sectors Deliver Strongest NOI Growth in Fourth Quarter

Lodging	**12.0%**
Storage	**4.3%**
Apartments	**3.3%**
High-End Retail	**3.0%**
Low-End Retail	**0.6%**
CBD Office	**0.5%**
Industrial	**-0.6%**
Suburban Office	**-2.5%**

Source: L&B, Citi

American Campus: Growth at a Discount

American Campus (NYSE: ACC), a student housing owner and developer, should generate strong total returns of over 15% during the next year given 10% plus earnings growth, driven by the company's strong internal growth and external growth, as well as its discounted valuation of 10-15%. The company's academic year lease structure allows for a high degree of visibility in same store NOI growth for 2011. For the academic year beginning in the Fall of this year, the company is running ahead of last year's leasing pace and is targeting nearly 3% rent increases, which would position the company well for 2012. External growth will be driven through its development program at attractive yields of 7.5%-8%.

Note: All figures are as of March 9, 2011.

LANDandBUILDINGS Background:

Jonathan Litt is the Founder and CEO of LANDandBUILDINGS, a long/short investment firm that actively invests in securities of global real estate and real estate related companies. Prior to LANDandBUILDINGS, Jonathan Litt was Managing Director and Senior Global Real Estate Strategist at Citigroup where he was responsible for Global Property Investment Strategy from 2000 to March 2008. Jonathan Litt led the #1 Institutional Investor All American Real Estate Research Team for 8 years and was top ranked for 13 years while at Citigroup, PaineWebber and Salomon Brothers. Craig Melcher, Co-Founder and Principal at LANDandBUILDINGS, was a key member of the Citigroup team. LANDandBUILDINGS was seeded by funds advised by Citi Alternative Investments in the summer of 2008, now SkyBridge Capital. Land & Buildings Investment Management is a Registered Investment Adviser with the SEC.