

# Market Trends

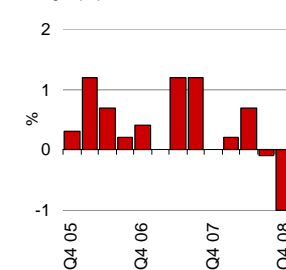
## USA Q4 2008

### Economy 12-Months-Outlook ↓

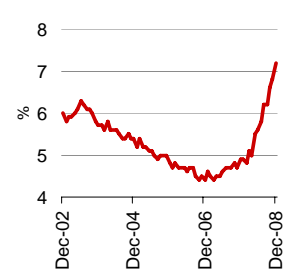
Economic growth is already strongly negative qoq, the US entered a severe recession. Lay-offs are very severe. Hence unemployment increased very strongly to 7.2% (16 years high) and will continue to do so in the upcoming months. The ISM Index erodes with a negative dynamic not witnessed within the last 10 years. Inflation softened markedly – a relief for the households – but risk of deflation arises for the months to come.

### GDP

Change qoq



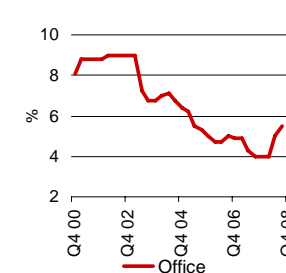
### Unemployment Rate



### Investment 12-Months-Outlook ↓

After falling to historical lows in the recent boom period, cap rates increase strongly since the outbreak of the crisis. Combined with rent levels started falling in the recent quarter, property values continue to drop sharply. Further depreciations are expected for the course of 2009. However, this creates investment opportunities for investors who are able to finance their transactions to manageable costs. Equity strong investors are in advantage.

### Cap Rate New York



### Market Value Changes

Real Estate

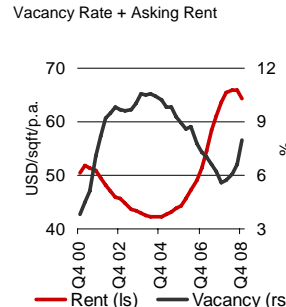
	Previous 12 Months	Outlook 12 Months
Office	-15%	-15%
Retail	-15%	-15%
Multi-Family	-5%	-5%

### Office 12-Months-Outlook ↓

Vacancy in New York increases since midyear 2008 and rental development turned negative recently. Due to the time lag, with which the real estate letting markets react on overall economic developments, office markets will be affected heavily in the course of 2009. Office sector fundamentals deteriorate very strongly, the outlook for typical office demand sectors as business services and financial activities is strongly negative.

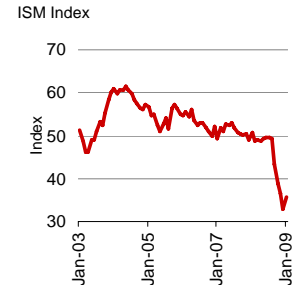
### Office New York

Vacancy Rate + Asking Rent



### Economic Sentiment

ISM Index



### Retail 12-Months-Outlook ↓

Consumers are financially heavily constrained because of the housing market crisis, strong indebtedness, recession, labour market development and capital market access. The retail market is therefore strongly under pressure. Retail sales deteriorate sharply, posting very negative signs for the upcoming future. Vacancies will rise and re-letting periods increase. Rental rates are under pressure. The outlook for the retail sector is strongly negative.

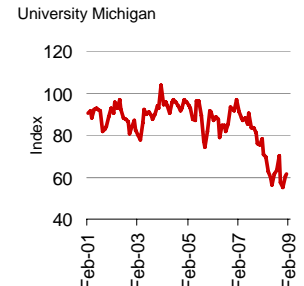
### Retail Sales

Change yoy, Current Prices



### Consumer Confidence

University Michigan

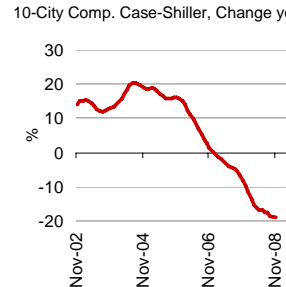


### Residential 12-Months-Outlook ↓

The fierce correction on the US housing market is still in progress. House prices decline by roughly 20% yoy (Nov. 2008, Case-Shiller 10 City Comp). Therefore housing affordability improves but private households are financially very constrained, at least because they are strongly indebted. Housing construction is on a historically low level and decreases further. The situation on the housing market is still very poor and will continue to do so at least until end of 2009.

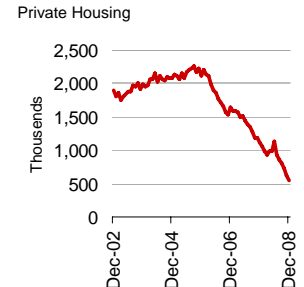
### House Prices

10-City Comp. Case-Shiller, Change yoy



### Units Authorized

Private Housing



## ZRP RAC Research

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