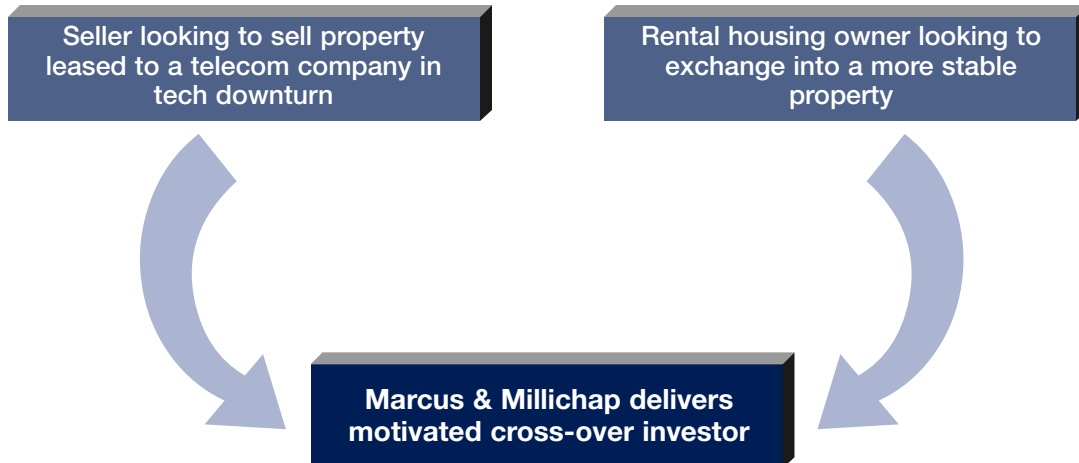


MARCUS & MILLICHAP CONQUERS CHALLENGING MARKET CONDITIONS



The strong downturn in high-tech and specifically the telecommunications sector has not affected Marcus & Millichap's ability to create value for office properties with these types of tenants. As an example, Marcus & Millichap closed on a 17,159-square foot property in Emeryville, Calif., for \$4.1 million.

The property was listed at a time when rents in the Bay Area had already fallen precipitously. However, the market continued to slide drastically after the listing, which made the marketing of this property extremely difficult. The property was leased to U.S. Telepacific Corporation, a provider of broadband telecommunications. The company was a new startup with no credit rating and only four years remaining on its lease. These factors, combined with the fact that the current rents being collected were significantly higher than those in the market, inhibited some potential investors.

Even as market conditions continued to decline, the agents understood that the most logical buyer for the property was a 1031 exchange buyer, looking to place

money in a short-term secure investment. At the sales price, the buyer would receive a 15 percent cash-on-cash return, an extremely attractive return when compared to other investment alternatives. The agents accessed a 1031 exchange buyer who was exiting the rental housing business and wanted a less management-intensive investment, a strong return and a degree of security. The buyer was enthralled by the 15 percent cash flow, which helped the transaction proceed to closing with few challenges, even as market rents dropped by 43 percent between the listing date and the closing date.

Marcus & Millichap's ability to close challenging transactions is rooted in its marketing expanse and expertise. Marcus & Millichap's ability to access buyers from all points of the investor spectrum, to move investors between property types and to successfully close even the most challenging transactions has established the firm as the market leader.

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