



TIC MARKET WATCH

1st Quarter Newsletter '07



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1031PROPERTYWATCH QTR. NEWS



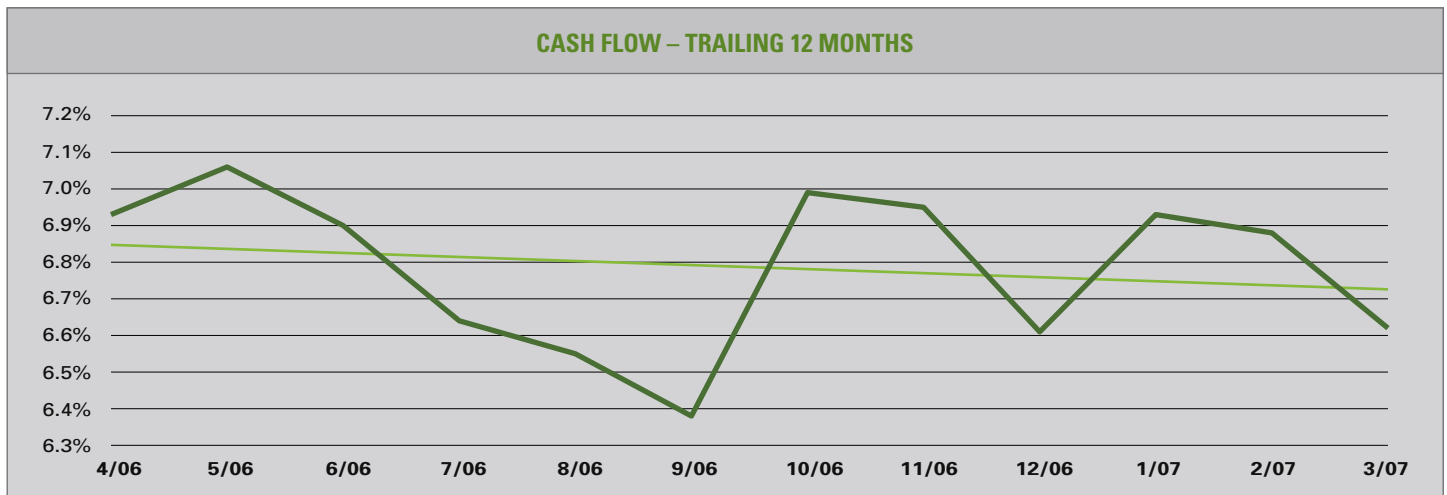
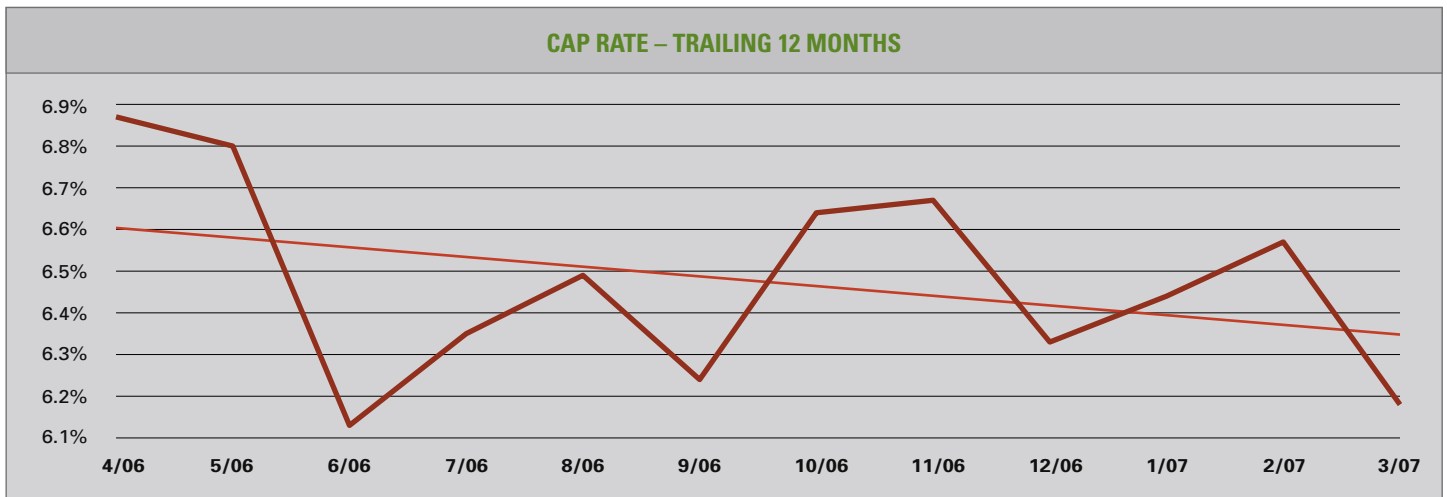
John Temple
President & Founder
1031PropertyWatch

Cap rates over the past 12 months have compressed about 25 basis points, from 6.6% to 6.35%. However, compared to the moving average over the trailing 24-month period cap rates appear to be moving within a range of 6.6% and 6.25%, suggesting that prices may have leveled off. If cap rate compression has bottomed out, the good news is that it may be happening at a price level that is more economically sustainable. Cash on cash returns are currently in the 6.5% to 7.00% range.

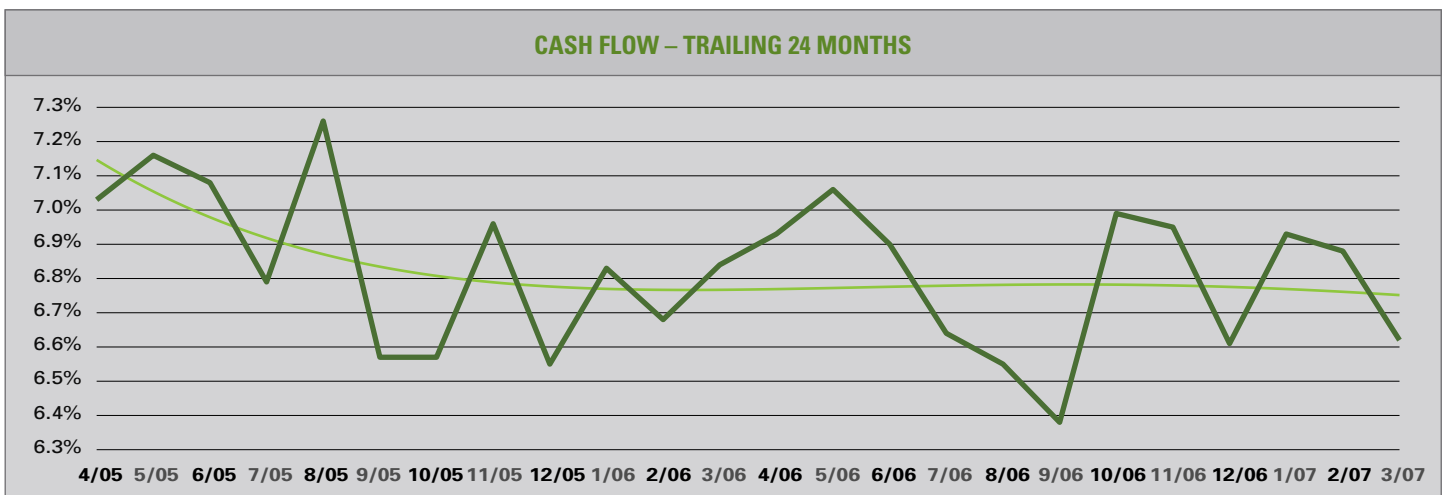
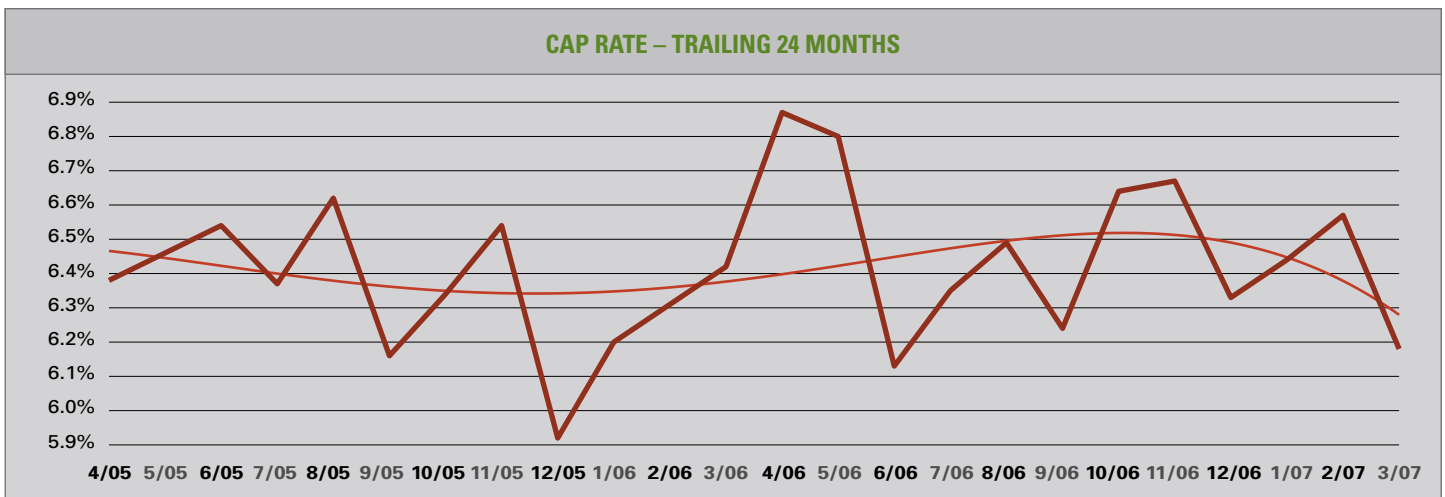
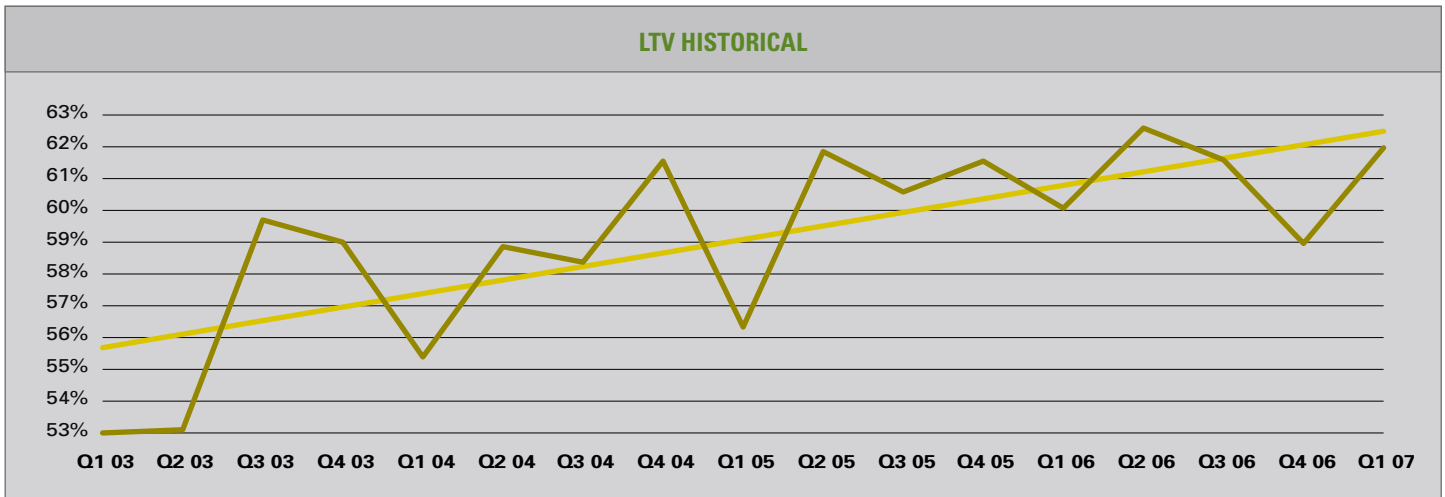
I had suspected that loan to value (LTV) had been on an incline, but was surprised to see how long and consistently it has been ratcheting up. LTV on all asset classes has increased almost 9% over four years, from approximately 53% in 2003 to 62%

in the first quarter of 2007. This is likely due to sponsors trying to maximize cash on cash returns. One way sponsors can do this is by using interest only loans. Approximately 97% of the properties available today are with interest only financing the first year. However, most of these loans (93%) convert to fully amortizing within the term of the loan.

Another interesting fact about the first quarter of this year were the big-ticket properties that came out and sold out so quickly. Two sponsors raised together about 85 million dollars in two properties with over one million dollar minimums. Normally those high minimums would take awhile for the market to absorb, however these sold out in a relatively short period of time. It is interesting to note that the demand for \$300,000 minimums has been relatively flat for the past year and yet the demand for million dollar minimums appears to be quite strong over the last few months.

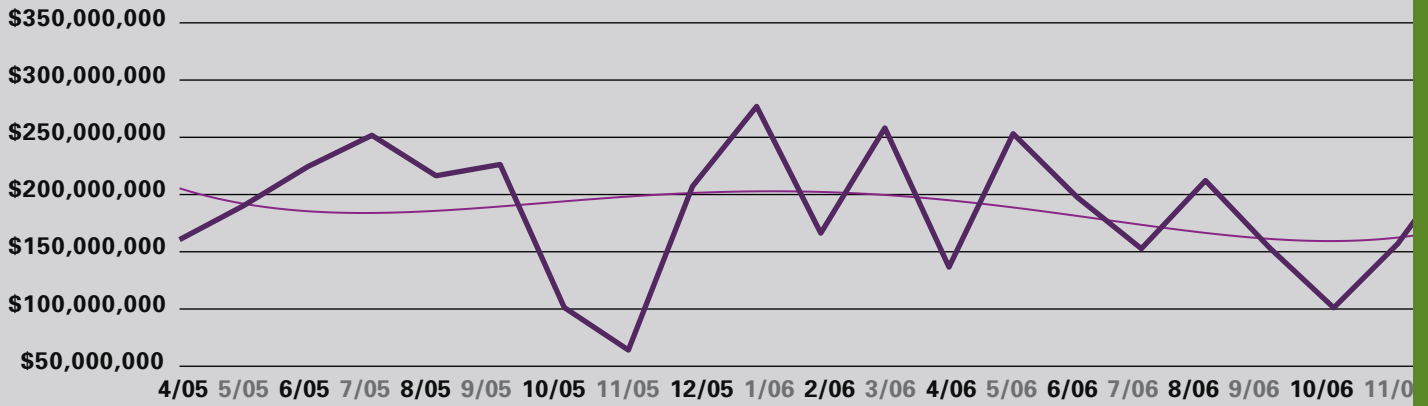


To receive a list of current TIC properties, just give us a toll free call at 877-337-1031



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TIC EQUITY RAISE – TRAILING 24 MONTHS



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