



TIC MARKET WATCH

2nd Quarter Newsletter 06'



1031 PROPERTY WATCH
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TIC MARKET WATCH

1031PROPERTYWATCH QTR. NEWS



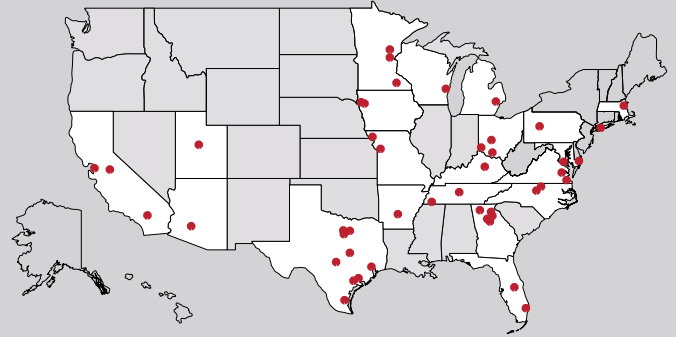
John Temple
President & Founder
1031PropertyWatch

I liked the direction prices were headed during the first 5 months of this year. Cap rates edged higher, which argues that institutional buyers and Tenant-in-Common (TIC) sponsors were backing away from some of the higher priced assets and demanding better values. Prices started to soften and cash flows began inching higher. Then June hit and it reversed directions. Now I honestly don't know which direction it's going. Time will tell.

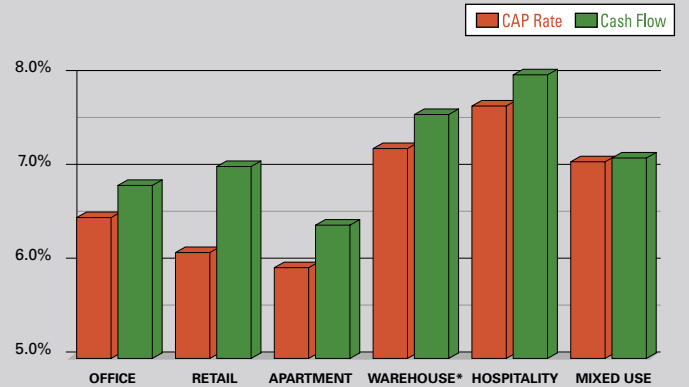
Some students of history will argue that the market will revert to the long-term mean and cap rates will begin to rise. I have, however, seen well-developed and thought-out arguments indicating that the market may be fairly priced now. Those supporting this position argue that: (1) efficiencies created by current information technologies, (2) lenders financing pools of properties rather than individual assets (spreads out risk), and (3) the domination of institutions instead of entrepreneurs, have produced lower risks than in the past, and therefore, these cap rate ranges may be the new norm. Again, time will tell.

JTW

TIC PROPERTY LOCATIONS – 2ND QTR 06'

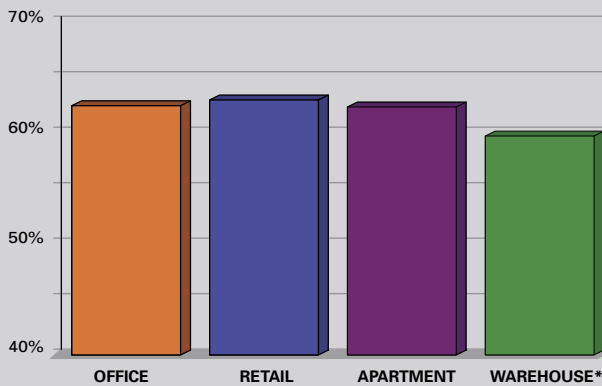


CAP RATE & CASH FLOW COMPARISON – 2ND QTR 06'



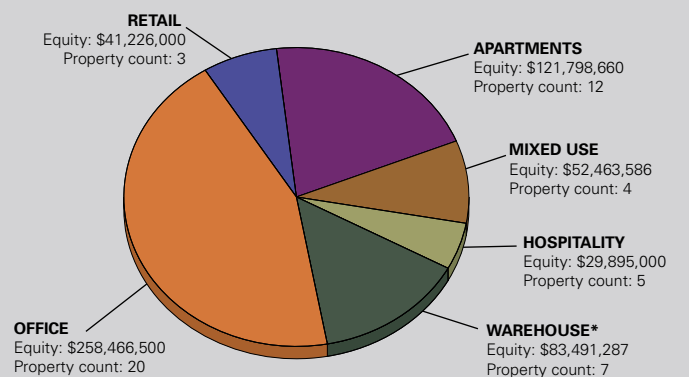
*Warehouse properties may include additional uses such as, retail, office, or industrial.

LOAN TO VALUE – 2ND QTR 06'



*Warehouse properties may include additional uses such as, retail, office, or industrial.

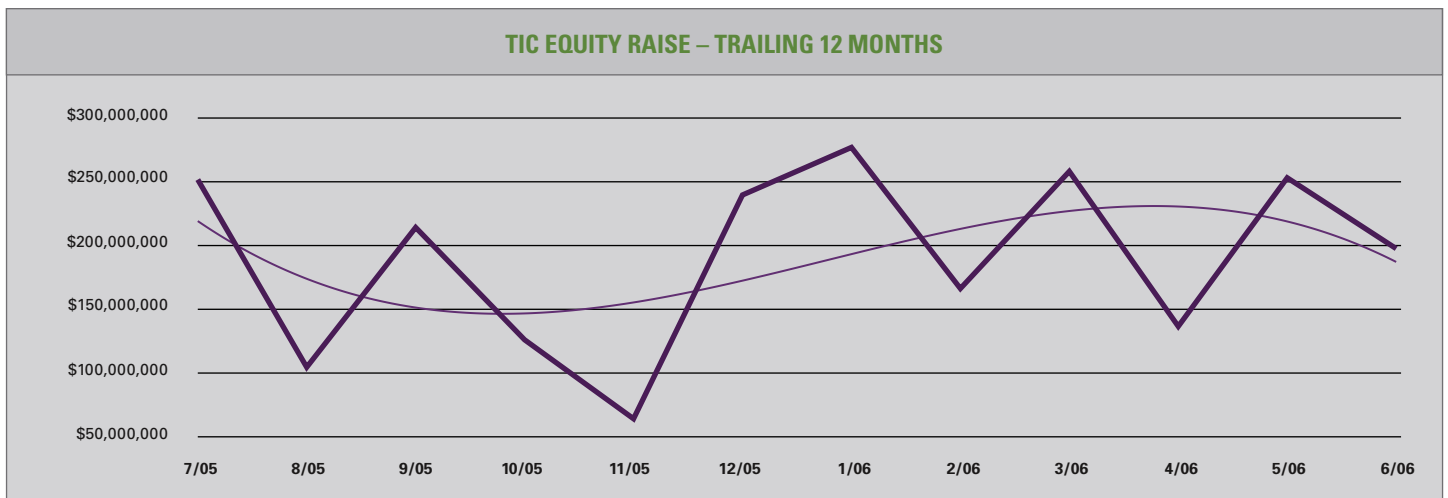
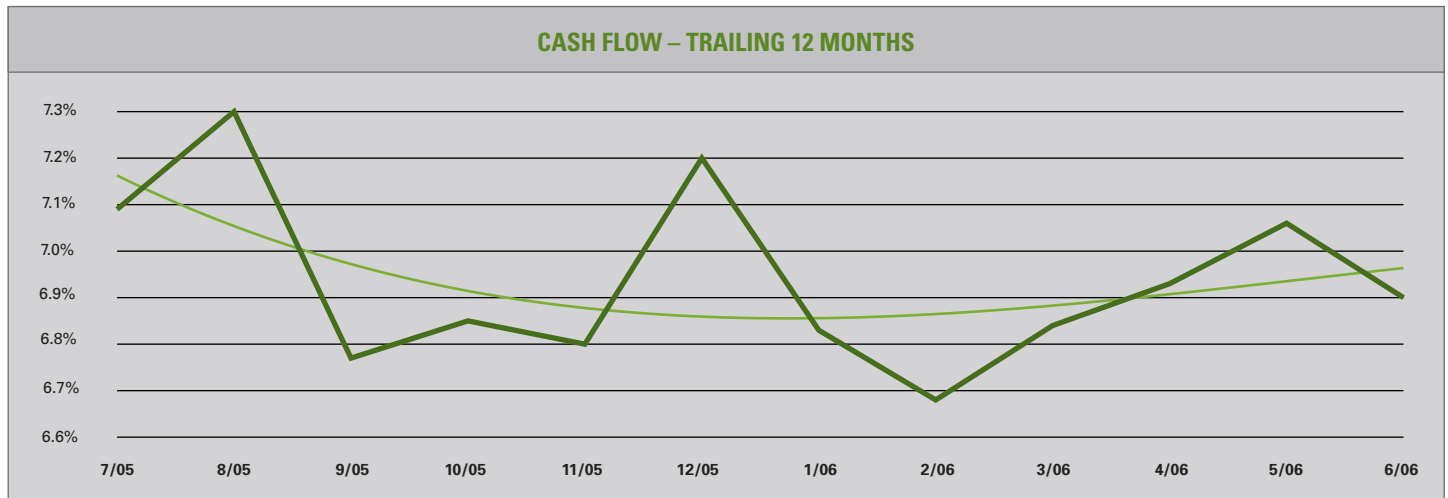
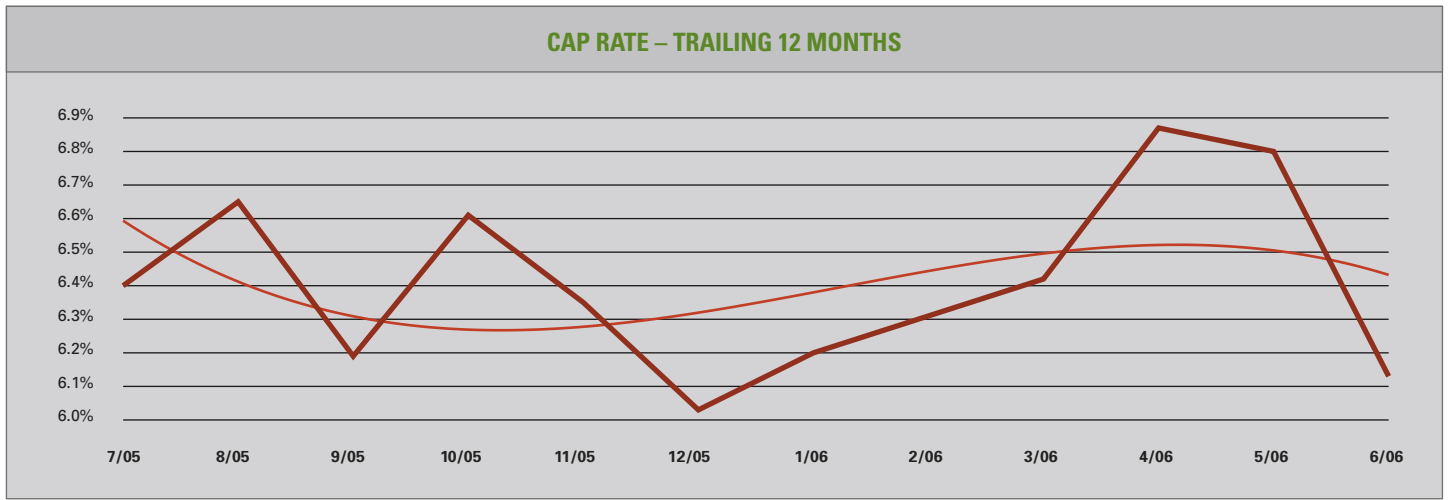
SECTOR ALLOCATION – 2ND QTR 06'



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New research available for the informed TIC investor:

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- Sensitivity Analysis
- Frequently Asked Questions
- Sponsor 5 Star Ranking
- Historical Property Examples
- Current Properties
- Sponsor Bio
- Sponsor Watch (see picture to right)



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investors on our Web site.
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