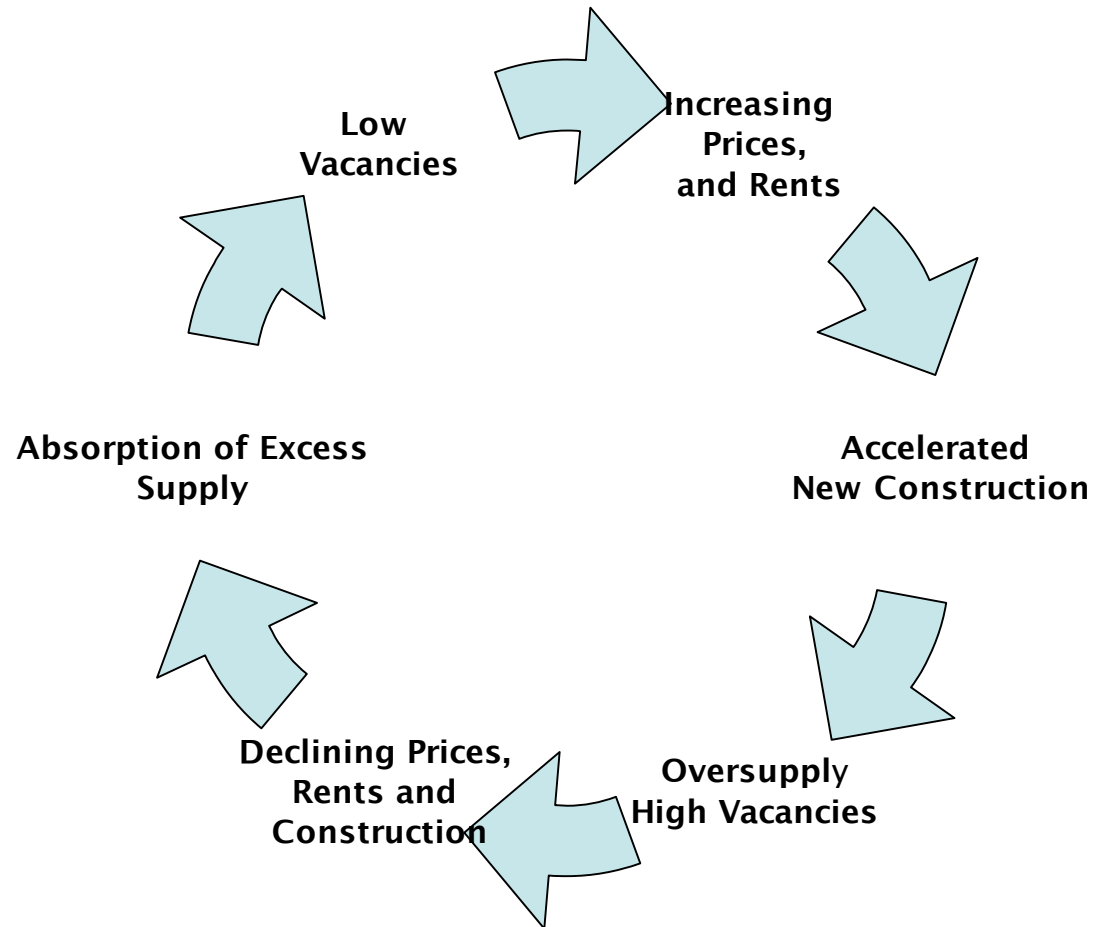


Cycles



Identifying Cycle Position

The key to Understanding the Cycle is identifying where the market is in the Cycle

1. Vacancy: What is the trend? Reducing vacancy is a strong market, Rising Vacancy is a softening market and low vacancy may mean the top of the market cycle
2. Prices and Rents: Trend?
3. New Construction: Trend?
4. Oversupply = High Vacancies
5. Oversupply and High Vacancy Lead to Declining Prices, Rents and Construction
6. Absorption: When the market is absorbing excess supply at a rate faster than supply is being added, the market Cycle is in recovery

Cyclic Positions

Where would you say the San Mateo County Market Cyclic Position is for each general Property Type:

Residential/Housing?

Office Property?

Retail Property?

Industrial Property?

Patterns of Growth

Transportation: How most towns in the world were originally founded was based on that towns ability to transport products and people. Waterway, then railways then roadways, and airways.

“The majority of the worlds population still live within 50 miles of a major shoreline”

Most towns have therefore grown up around a major transportation hub

Types of Growth Patterns

Concentric Circle Growth

Sector Growth

Axial Growth

Nuclear Growth

Growth Vectors

Growth occurs generally in the following ways:

- Along Transportation Routes especially at Intersections
- In the area between major transportation routes
- In and Around established commercial activity hubs
- Areas within reasonable reach of employment centers
- Where the money is and there is available land