

TECHNICAL ANALYSIS OF REAL ESTATE INVESTMENT TRUSTS AND RELATED REAL ESTATE SECURITIES

Presented by

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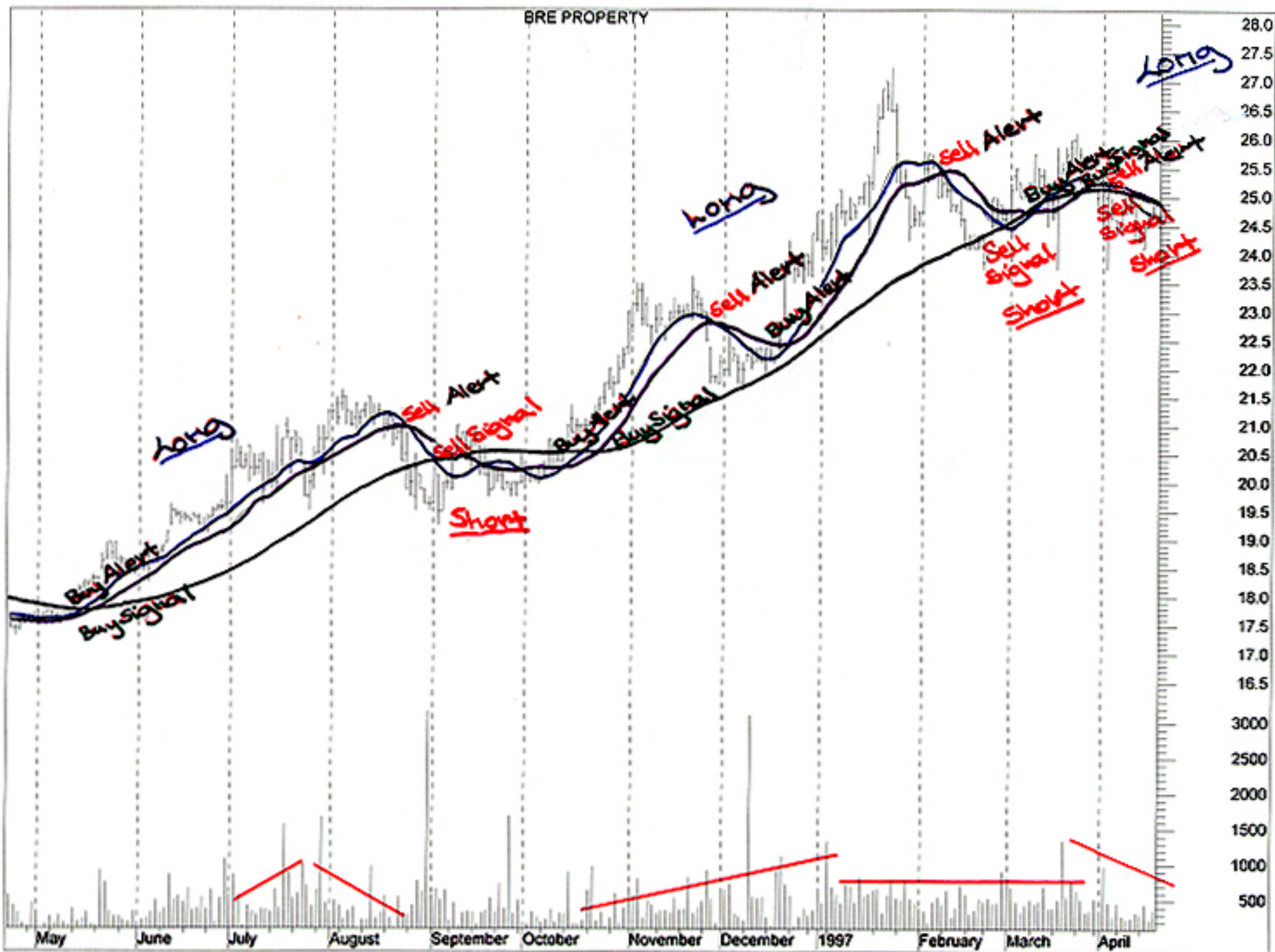
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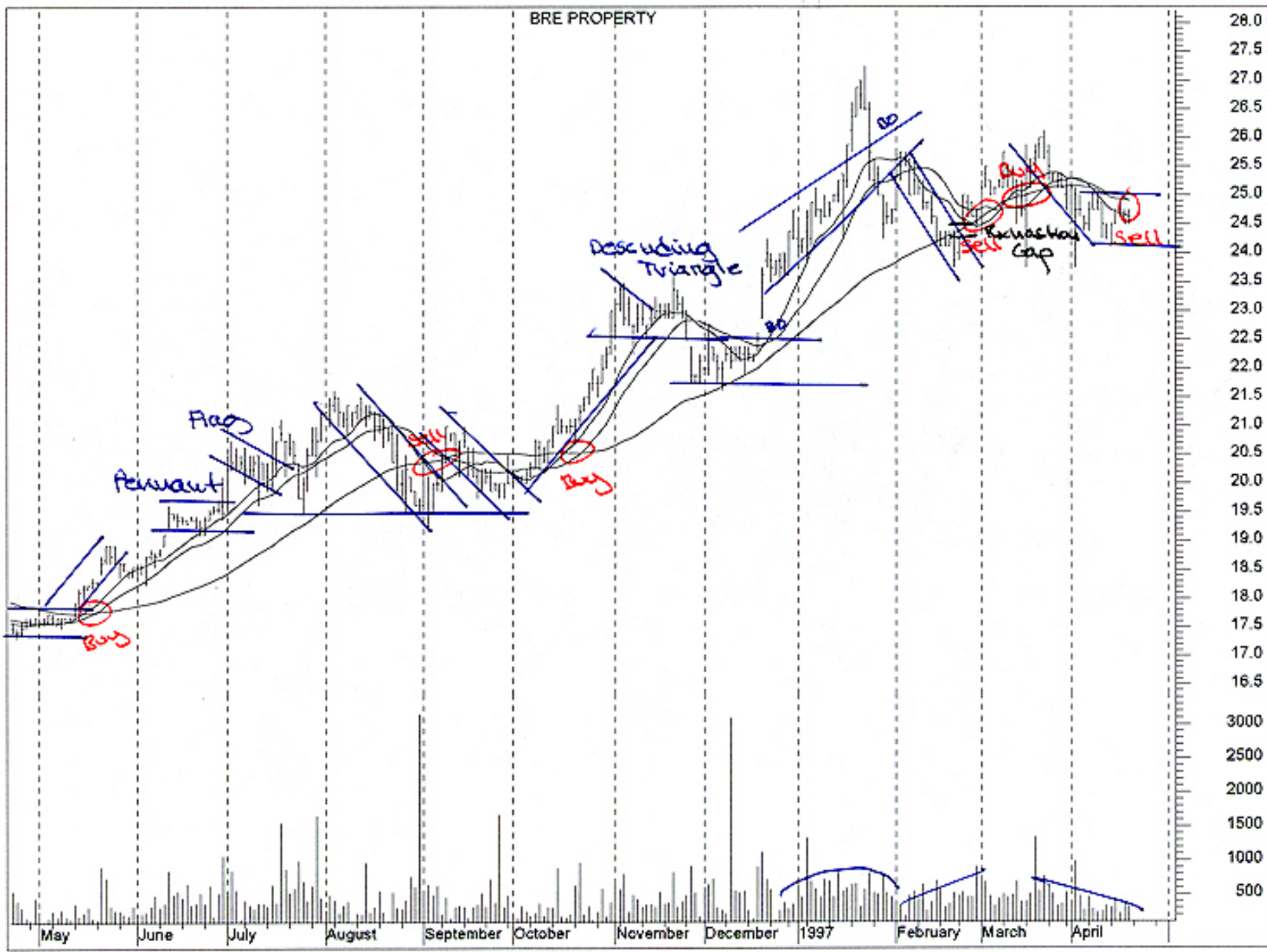
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BRE PROPERTY



BRE PROPERTY



Real Estate in a Social/Cultural/Economic Context

Introduction

Interdisciplinary/Cross-Sectional Approach:

- Philosophical Systems (Ethics/Morality)
- Legal Systems (Rule of Law and Contract Enforcement)
- Political Systems (Democratic/Authoritarian)
- Economic Systems (Capitalism/Socialism)
- Financial Systems (Capital Markets)

Real Estate in an Economic and Financial Context

Introduction

The Research Directors Role as a
Real Estate and Financial Economist:

- **Fundamental Analysis**
 - Economic/Demographic Analysis and Forecasting
 - Real Estate Market Analysis and Forecasting
- **Technical Analysis**
 - Financial Market Analysis and Forecasting
 - Financial Engineering (Risk Management) and Innovation

An Integrated Approach to Real Estate Research

Introduction

The Research Director as a Professional, Teacher and Student:

- **Professional**
 - Improve quality of information provided to management and Board of Directors for decision making purposes.
- **Teacher**
 - Articulation and presentation of applied real estate research.
- **Student**
 - Commitment to an ongoing educational program in statistics, computer science, economics, corporate finance and tax, geography, land-use planning and law.

Strategic Planning and Organizational Structure

BRE Properties Research Program

Mission Statement:

The mission of the Research Department is

“to identify local and Western regional economic, demographic and apartment market trends for investment opportunities and portfolio diversification”

Strategic Planning and Organizational Structure

BRE Properties Research Program

Goals of the Research Department:

- **Create Value through Management and Stockholder Satisfaction**
 - Improve the degree of accuracy in economic, demographic and apartment market forecasts.
 - Commitment to improve the productivity, quality and diversity of research services provided.
 - Improve investment and portfolio diversification and yield enhancement through risk mitigating strategies.
- **Information Systems**
 - Assure the quality of information by maintaining a state-of-the-art computer hardware, software, database and reporting system.

Strategic Planning and Organizational Structure

BRE Properties Research Program

Role and Responsibilities of the Research Director:

- **Role**
 - **Act as an independent agent within management, representing the long-term interest of the shareholders through objective and unbiased research.**
 - Report directly to President and Board of Directors.
 - Conduct ongoing economic and apartment market research, providing timely guidance for the acquisitions and development, and property and portfolio management programs.

Strategic Planning and Organizational Structure

BRE Properties Research Program

Role and Responsibilities of the Research Director:

- **Responsibilities:**
 - Provide research assistance to President, Board of Directors, Chief Financial Officer, Chief Operating Officer, and other staff members in Property Management, Acquisitions and Development and Investor Relations.
 - Analyze portfolio for over/under concentration in economic and geographic risks, and conduct portfolio optimization.
 - Target markets for future acquisition and development based on fundamental economic and demographic demand, and apartment market dynamics (supply constraints).
 - Maintain databases, and generate and write market research reports.

Top Down/Bottom Up Approach to Real Estate Research

BRE Properties Research Program

Research Projects:

- **Western Markets Research Report:** analyze and prioritize target markets for future acquisition and development.
- **Economic and Geographic Base Diversification:** measures geographic and industry concentrations, and correlations between employment trends across markets in the portfolio.
- **Portfolio Optimization:** *Passive Strategy*; measures portfolio diversification against the Western index, *Active Strategy*; measures portfolio diversification based on required return, risk tolerance and market constraints.
- **Future Market Expansion:** analyzing and prioritizing foreign and domestic apartment markets and/or companies for future expansion.

Top Down/Bottom Up Approach to Real Estate Research

BRE Properties Research Program

Report and Services Production:

- **Corporate Management/Strategic Planning**
 - Capital market research (WACC) and securities analysis.
 - Market/economic analysis.
 - Product market research and business development.
- **Portfolio Management**
 - Economic base diversification.
 - Fundamental and technical stock and real estate market research.
 - Market monitoring and reporting.
- **Acquisitions/Dispositions/Development**
 - Due Diligence reporting
 - Economic and real estate market analysis
 - Market timing (cycle) strategies and analysis.
- **Investor and Client Relations**
 - Public relations (Professional Organizations)
 - Investor relations.