



KEEGAN & COPPIN COMPANY, INC.

ONCOR INTERNATIONAL

THE NORTHBAY COMMERCIAL REAL ESTATE MARKET and Keegan & Coppin Company, Inc. ONCOR International

The Northbay is on a path to solid commercial growth. Vacancies created by the telecom offshoring trends and the economic slowdown of 2002 are being filled up. New office spaces in Sonoma County and Marin County are being absorbed notwithstanding an overall remaining vacancy of 20%. Marin has enjoyed much better absorption, particularly Southern Marin with an overall vacancy of 16%.

Prospects are excellent for continued job growth especially in the service sector and of course retailing. However, gradually the entrepreneurial talent in our community is growing new companies. Our wine industry is bouncing back. In-fill of existing space in Marin County is occurring with financial services, software and entertainment tech companies.

All the commercial brokerage companies and especially in our own investment activity is at an all time high. Capital is chasing every possible real estate deal and driving cap rates down to 5 – 6%. Prices are going through the roof for office buildings, \$400-\$500 psf in Marin and \$225-\$275 in Sonoma County.

At this writing, while interest rates are up, cap rates are not following yet. Eventually there has to be some upward pressure on cap rates. For our company, many local investors are going out of state to find single-tenant triple net offerings to get a point to point and one-half higher return. We have placed investors in investment opportunities from Atlanta, Texas to Oregon and all over California.

Our national and worldwide connections to our partner companies, through ONCOR International, has facilitated our ability to place many of our investors in excellent investment areas of the U.S.

While leasing activity is picking up significantly, our investment placement and our national and international work through ONCOR International is the fastest growing part of our business.

We also are delighted with the growth of our property management and construction divisions posting significant gain in revenues this past year.

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Offices in 220 Cities: UNITED STATES, CANADA, DENMARK, FRANCE, GERMANY, INDIA, AUSTRIA, RUSSIA, CHINA, AUSTRALIA, UNITED KINGDOM, THE NETHERLANDS, MEXICO, JAPAN, ITALY, SPAIN, SWITZERLAND, CZECH REPUBLIC, BELGIUM, POLAND, NORWAY, UKRAINE, SWEDEN, FINLAND, HUNGARY, BRAZIL, CHILE, ARGENTINA, IRELAND

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The most significant contribution to our growth however is linked to our new Office Group led by Managing Partner, Shawn Johnson. We have continued our lead in Sonoma County for under contract major business park and office park properties such as Airport Business Park, Fountaingrove Executive Center, Westwind Business park, Santa Rosa Corporate Center, etc. with our 3 tiers of partnering and expertise we constantly bring in new people to work with the 15-25 year experienced agents and partners. The Principals, Jim and myself, act as the coaches and teachers, constantly monitoring and nurturing our tiered teams of new agents and veteran partners. Our clients like our combination of sage-experienced agents and strongly directed and energetic apprentices to successfully market major projects.

This has worked very well in Marin County with Matt Storms, John Leydecker partnering with Josh Jones, Theo Banks in very successful turnarounds such as the leasing of One and Three Harbor Drive IN Sausalito.

We also are proud to have been selected as the exclusive leasing agent for the San Rafael Corporate Center, one of the most prestigious office projects in Marin County.

In Napa we are handling the Gateway Business Park project and are proud of the sale of over 20 acres this year by Randy Wood, our Director of that project.

In summary, at Keegan & Coppin we are forecasting a strong commercial real estate market and we remain very optimistic and we are poised for an even stronger response with our deep bench of experienced partners and agents and energetic creative new apprentices to deliver positive results for all of our clients.

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