

MEDIA RELEASE

Nov. 18, 2004

REAL ESTATE INDUSTRY'S MOST COMPREHENSIVE U.S. INVESTMENT FORECAST UNVEILED

*Real Estate Research Corporation, Torto Wheaton Research, and
Principal Real Estate Investors Offer Investors Chart to “Navigate the Winds of Change”
in **Expectations & Market Realities in Real Estate: 2005***

CHICAGO - Real Estate Research Corporation (RERC), Torto Wheaton Research, and Principal Real Estate Investors are pleased to announce that the real estate industry's most comprehensive annual forecast report for the U.S. real estate market – *Expectations & Market Realities in Real Estate: 2005* – has been released.

Unlike any other in the industry, this report combines the qualitative and quantitative analysis of two of the industry's foremost research firms with the extensive transaction, asset management and research expertise of the fourth largest real estate investment manager in the U.S. “The three cooperating author firms bring to the table a unique combination of skills and experience in all relevant aspects of real estate investing and market analysis,” said Anthony Downs, former CEO of RERC and senior fellow of the Brookings Institution. “As the reliability of their predictions in 2003 shows, their combined advice should help people who want to take advantage of real estate's many virtues to make proper decisions in an otherwise highly uncertain world.”

This year's report – *Navigating Through the Winds of Change* – analyzes the forces driving the U.S. real estate space and capital markets and how changes in these forces are impacting market dynamics, investor behavior, capital flows, and risk and return expectations going forward. Specifically, the report addresses:

- The outlook for the U.S. economy, job growth, interest rates, consumer spending, and energy prices and the impact on real estate risks and returns, including an assessment of downside risks;

- Real estate capital markets, with an emphasis on the secular and cyclical dynamics driving the increased appetite for commercial real estate investments across an increasingly broad spectrum of investors;
- Structural elements impacting space and capital markets, including increased productivity levels and demographic forces, and their impact on the level and location of real estate demand;
- Return expectations for the real estate market and its five primary property types: office, industrial, apartment, retail, and hotel.

Individual copies of *Expectations & Market Realities in Real Estate: 2005* can be purchased for \$195 each by contacting RERC at www.erc.com or 319-352-1500, or Torto Wheaton Research at www.twr.com.

About Real Estate Research Corporation:

Founded in 1931, RERC is recognized throughout the industry as one of the nation's longest serving and most respected authorities dedicated to independent real estate research and analysis, valuation, general real estate consulting and independent fiduciary services, portfolio services, litigation support, and corporate advisory services. This is the twenty-fifth year RERC has produced an annual forecast report, beginning with *Emerging Trends in Real Estate* in 1980 (issued fall 1979) and continuing through *Expectations & Market Realities in Real Estate: 2005* (issued fall 2004). More detailed information about RERC is available at www.erc.com.

About Torto Wheaton Research:

Torto Wheaton Research, a business unit of CB Richard Ellis, is the premier provider of real estate forecasting and investment strategy services. Founded in 1982, its research and investment strategy services cover all quadrants of the real estate markets, including public, private, debt and equity. Get more detailed information about Torto Wheaton Research at www.tortowheatonresearch.com.

About Principal Real Estate Investors/Principal Financial Group:

Principal Real Estate Investors, the dedicated real estate group of Principal Global Investors, manages over \$25 billion in commercial real estate assets. The firm's capabilities include commercial mortgage-backed securities, real estate equity securities and a broad range of private market real estate equity and debt alternatives. Its staff of over 350 includes more than 180 experienced real estate professionals. Principal Global Investors is a member of the Principal Financial Group®.

The Principal Financial Group (The Principal[®])¹ is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance and banking through its diverse family of financial services companies. A member of the Fortune 500, the Principal Financial Group has \$152.1 billion in assets under management² and serves some 14.6 million customers worldwide from offices in Asia, Australia, Europe, Latin America and the United States. Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG. For more information, visit www.principal.com.

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² As of June 30, 2004.