

Effects of the Dot-Bombs and Terrorism on Real Estate Development and Investment

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I. Development vs. Investment?

- A. Availability of Capital, Revenue Growth, Interest Rates and Use of Funds
- B. Availability of Inventory
- C. Slowing Leasing Activity
- D. Stay Put vs. Leave Decision Time Periods
- E. Use of Capital in Tenant Improvement Costs

II. Leasing Issues Affecting Development

- A. Leasing Statistics for Year End 2001 and 1st Quarter 02
 - (1) When will the recovery kick in?
 - (2) Cities with Major Defense Exposure
- B. Cities with Major Travel or Insurance Exposure
- C. Lease Structure
- D. Security Deposits – Cash vs. Letter of Credit – Bankruptcy risks
- E. Base Years vs. Expense Stops
- F. Insurance Issues and Costs
- G. Liability Limitations
- H. Guaranties and Credit Enhancement Brokerage Concessions
- I. Early Renewal Programs
- J. Tenant Concessions

III. Space Planning/Security Issues Affecting Development

- A. Height of Buildings
- B. Garage below buildings
- C. Floor Plate Sizing/Floor Loads
- D. Downtown vs. Suburban Locations
- E. Open Space Planning
- F. HVAC capacity/Redundant Systems