



Real Estate Investment Trusts and Publicly Traded Real Estate Information Technology Survey

Executive Briefing
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Sponsored by the
National Association of Real Estate
Investment Trusts (NAREIT®)

Conducted by
KPMG Consulting LLC

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ABOUT THE SURVEY

KPMG Consulting LLC is pleased to present results from the 1999 Real Estate Information Technology Survey. This survey is sponsored and conducted by the National Association of Real Estate Investment Trusts (NAREIT®) and KPMG Consulting LLC (KPMG).

PURPOSE

The purpose of the survey is to assess the current and changing role of information technology (IT) within real estate investment trusts ("REITs") and real estate operating companies ("REOCs"). Particular issues considered include business priorities, IT applications and infrastructure, Internet activities, organization of IT departments and data processing, IT expenditures, and business concerns regarding IT. This second annual survey provides the basis for a more comprehensive assessment of ongoing technology trends and information needs of the industry.

METHODOLOGY

The survey was performed by means of a confidential questionnaire with both quantitative and qualitative responses. New for the 1999 survey, participants were afforded the opportunity to respond via the Internet as well as through traditional hard copy mailings. Survey questions focused on activity in 1998 and projected activity for 1999 and 2000. Data collection was conducted between July 1999 and

October 1999. The questionnaire is included in the Appendix for reference purposes. KPMG compiled the responses and the data was analyzed based on several size categories, as detailed below. As indicated in the survey questionnaire, all survey responses have been and will be kept strictly confidential. This Executive Briefing provides a summary of these findings.

RESPONSES

The survey was sent to 225 REITs and REOCs, identified by NAREIT® from a roster of its corporate membership as of June 1999. Of the 225 prospective participants, 64 responded to the survey, resulting in a response ratio of 28.4 percent. The 64 survey participants represent approximately \$74.8 billion dollars in equity market capitalization or 47 percent of the equity market capitalization of REITs (as of second quarter 1999). This year's participation represents a significant increase in the number of participants from the 1998 survey (50 respondents).

PROFILE OF SURVEY PARTICIPANTS

The primary variable for distinguishing the organizations that responded to the survey is equity market capitalization. This represents a change from the 1998 method of categorization, where total market capitalization was utilized for categorizing participants. Equity market capitalization is viewed by NAREIT® as the preferred analytical measurement due to the consistency in application.

For the 64 respondents, the distribution of the population was divided into three equity market capitalization categories – small (18 respondents), medium (20 respondents) and large (26 respondents), as shown in Exhibit 1. Large REITs represent approximately 40 percent of the respondents in the survey. See Exhibit 2.



THERE IS NO DOMINANT REAL ESTATE MARKET RESEARCH TOOL.

The survey results indicate that no single market research product dominates the real estate industry. In results similar to that of the 1998 survey, respon-

dents utilize a large number of sources (brokers, consultants, and trade associations) and tools for market information. Among real estate market research tools, CB Richard Ellis (14%), REIS Reports (14%), CoStar (12%), and Grubb &

Ellis (9%) lead the group (Exhibit 6). However, no one tool is utilized by more than 14 percent of the respondents (CB Richard Ellis and REIS Reports at 14 percent apiece).

Exhibit 6

Percentage of REITs using real estate specific market research tools

