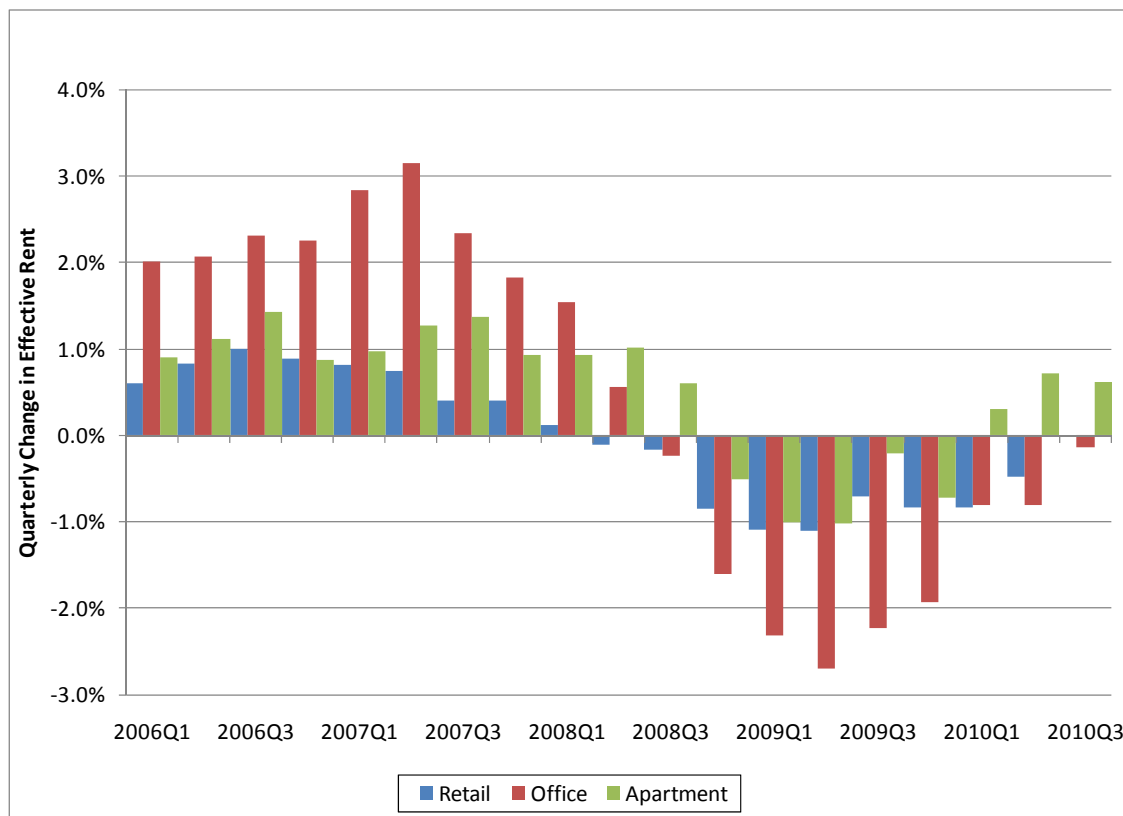


HIGHLIGHTS

- **Apartment** sector began recovery in early 2010; Q3 2010 average effective rent is less than 2% below peak average rental rate (Q3 2008).
- **Office** sector forecast to begin recovery in 2011; Q3 2010 rent is 12% below pre recession peak (Q2 2008). Office rent decline during this past recession was not as deep as it was during last (2001) recession.
- **Retail** sector will continue to exhibit weak conditions throughout most of 2011. Q3 2010 average effective rent is 6% below peak (Q3 2008). Rent declines anticipated to continue in 2011; recovery to begin in late 2011 or 2012.
- **Industrial** sector to begin recovery in 2011; more rapid recovery anticipated in contrast to recovery from last (2001) recession.

APARTMENT RENTS BEGAN INCREASING IN THE 1ST QUARTER 2010; OFFICE AND THEN RETAIL RENT RECOVERY IS TRAILING THE APARTMENT RENT RECOVERY.



Sources: Reis, Inc. and Real Estate Counselors International, Inc

APARTMENT SECTOR

- Apartment sector exhibits far stronger conditions than the three other core property sectors.
- The apartment sector began its recovery in the 1st quarter 2010.
- After exhibiting a 90 basis point decline in vacancy and nearly a 2% increase in the average rent during the first three quarters of 2010, the apartment sector is forecast to exhibit yet stronger rent growth in 2011 and 2012.
- Average apartment rent in 2014 is forecast to be over 11% above the pre recession peak rent (Q3 2008).
- Strongest apartment markets in Q3 2010 include Columbia, SC, Greenville, SC, Austin, TX, Denver, CO and Charleston, SC.
- Weakest apartment markets include Westchester, NY, Wichita, KS, Los Angeles, CA, Tulsa, OK and Las Vegas, NV.
- Year-end 2011 vacancy rate forecast to be 6.6% compared to 7.1% at year-end 2010.

OFFICE SECTOR:

- Office space absorption remains negative, but is abating.
- Office rent declined in the 3rd quarter, but is forecast to increase slightly by year-end 2010.
- Average effective rent in Q3 2010 is 12% below pre recession peak (Q2 2008).
- Average office rent in 2014 is forecast to be about 3% below pre recession peak rent.
- Strongest office markets in Q3 2010 include New Haven, CT, Ventura County, CA, Charleston, SC, Pittsburgh, PA and Chattanooga, TN.
- Weakest office markets include New York, NY, Palm Beach, FL, San Jose, CA, Phoenix, AZ and Orange County, CA.
- Year-end 2011 vacancy rate forecast to be 17.2% compared to 17.6% at year-end 2010.

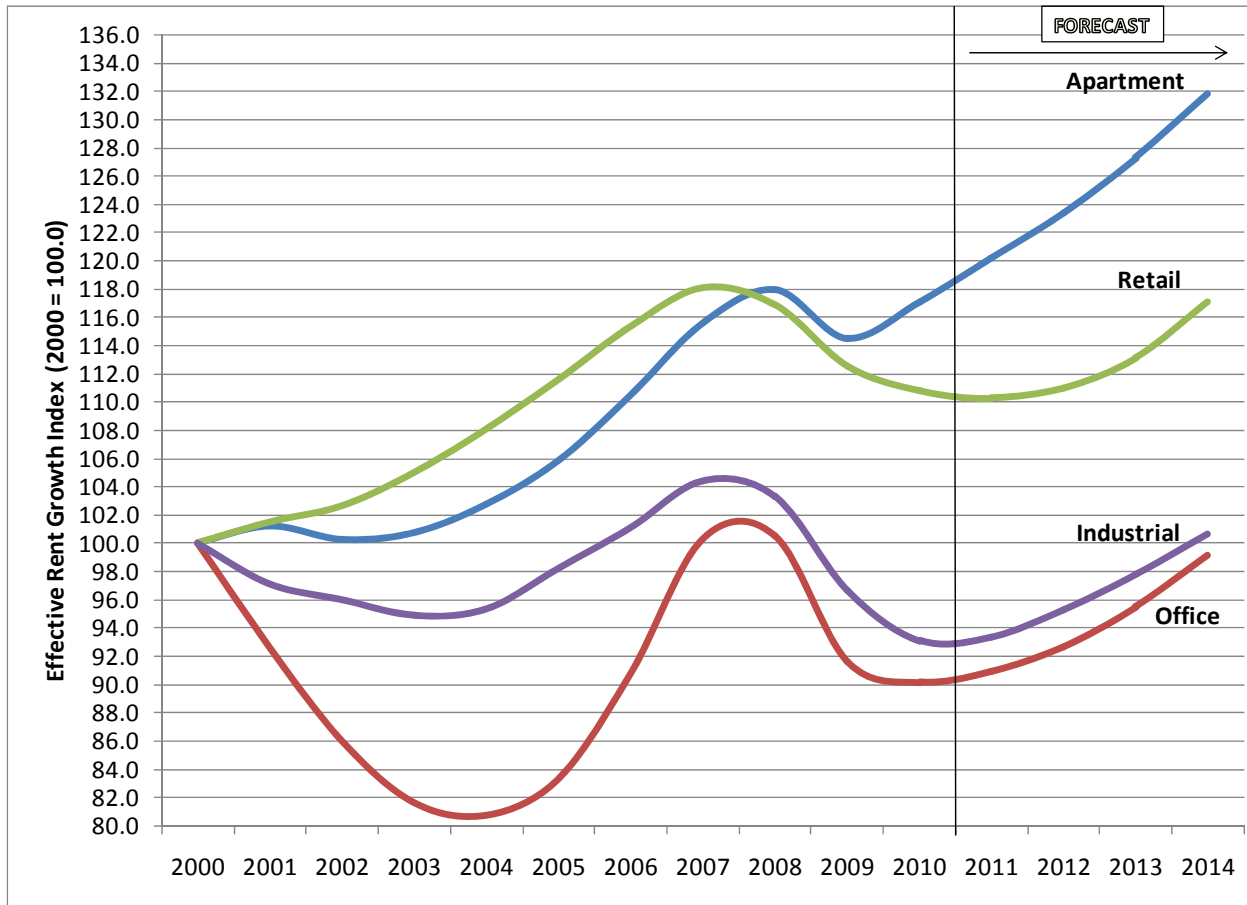
RETAIL SECTOR

- Retail space absorption remained negative in the first two quarters of 2010; was slightly positive in the 3rd quarter.
- Regional shopping center average rent declined by nearly 1% in Q3 2010; community/neighborhood retail center rent was flat.
- Average effective rent in Q3 2010 is 6% below peak (Q1 2008); rent decline forecast to continue into 2011.
- Average community/neighborhood retail center rent in 2014 is forecast to be about 1% below the pre recession peak (Q3 2008) rent.
- Strongest performing retail markets in Q3 2010 include Little Rock, AR, Louisville, KY Denver, CO Kansas City, KS, Hartford, CT.
- Weakest retail markets include Colorado Springs, CO, Las Vegas, NV, Orlando, FL, Suburban Maryland (Washington DC) and Providence, RI.
- Year-end 2011 vacancy rate forecast to be 11.5% compared to 11.0% at year-end 2010.

INDUSTRIAL SECTOR

- Industrial space absorption is forecast to be negative for 2010 (3.5 million square feet), but this will be only a fraction of what it was in 2009 (72.7 million square feet).
- The average industrial space rent is forecast to decline by nearly 3% in 2010; following a decline of 5% in 2009.
- Average industrial space rent in 2014 is forecast to be 3-4% below the pre recession peak (2007) rent.
- Year-end 2011 vacancy rate forecast to be 11.4% versus 11.6% at year-end 2010.

OFFICE RENT DECLINE DURING THIS PAST RECESSION WAS NOT AS DEEP AS IT WAS DURING LAST (2001) RECESSION.



Sources: Reis, Inc. and Real Estate Counselors International, Inc

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