

IRR-VIEWPOINT

REAL ESTATE
VALUE TRENDS

2007



INTEGRA Realty Resources
Local Expertise...Nationally



Comprehensive Real Estate Counseling and Valuation Services

Integra Realty Resources, Inc. specializes in commercial real estate consulting and valuation assignments. IRR's appraisers and counselors are among the most outstanding experts in their local markets and are located in 56 offices throughout the United States.

IRR benefits from more than 149 professionals who hold the Appraisal Institute's MAI designation. These specialists provide the following services across the world, across the country, or across town:

- Appraisals
- Consulting
- Portfolio Valuation
- Review Appraisal
- Tax Abatement
- Court Testimony
- Litigation Support
- Market Studies
- Partial Interest Valuation
- Feasibility Analysis
- Investment Analysis
- Lease Negotiations
- Sales Negotiations
- Advisory Services
- Due Diligence Analysis
- Public Finance Consulting for programs such as Tax Increment Finance (TIF), STAR Bonds, Tax Abatement and Assessment Districts



CHAIRMAN'S LETTER

Dear Colleagues and Friends,

It is with great pleasure that Integra Realty Resources publishes *IRR-Viewpoint 2007* which is in its 17th consecutive year of print. Every year, professionals in each of our 56 offices undertake a substantial effort to summarize the conditions in their local markets for inclusion in this publication. We provide extensive data about the market conditions for Office, Retail, Apartment and Industrial properties in local markets throughout the country. As a national firm, we also have the ability to maintain experts in several specialty property types. Our experts have prepared summaries of the Lodging, Gaming and Golf sectors. The Managing Director of our Mexican office has provided you with a summary of the real estate market south of the border.

Integra Realty Resources continues to grow, extending our ability to bring our clients "local expertise, nationally." With the addition of Boise in 2006, we now have 56 offices including 500 analysts, 149 of whom hold the MAI designation. As 2006 draws to a close, we are happy to report that we are on pace to complete 20,000 valuation and counseling assignments this year. Perhaps the best example of our ability to provide "local expertise, nationally" is the completion of portfolio valuation assignments. In 2006, Integra Realty Resources completed portfolio assignments as large as 1,600 properties and as small as 2 properties.

Fast, accurate and reliable service is critical to the successful execution of every real estate transaction. Our unsurpassed dedication to superior information technology has led to the development of MarketPoint and DataPoint software, our state-of-the-art proprietary valuation and property database applications. These cutting edge tools were designed to facilitate a standardized valuation process and automate the delivery of uniform, consistent reports while maintaining customization capability for our clients on demand. Implementation of these applications has led to increased accuracy, speed and efficiency during project completion, while contributing to increased reliability and improved performance for our clients. Our dedication to quality and performance is at the forefront of our development. Our clients can rest assured that they will receive consistent, reliable reports whether their property is located in New York, San Francisco or anywhere in between.

Finally, we are also pleased to announce in 2006 our principals, as well as, Integra invested in a sister company, IRR-Residential. This company has grown to 40 offices based on the Integra model and anticipates providing real property valuation and consulting for residential properties throughout the U.S.

On behalf of Integra Realty Resources, I would like to wish each of you a healthy and prosperous 2007.

Sincerely,



Kevin K. Nunnink, MAI
Editor-in-Chief
Chairman of the Board
Integra Realty Resources, Inc.

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INTEGRA Realty Resources
Local Expertise...Nationally

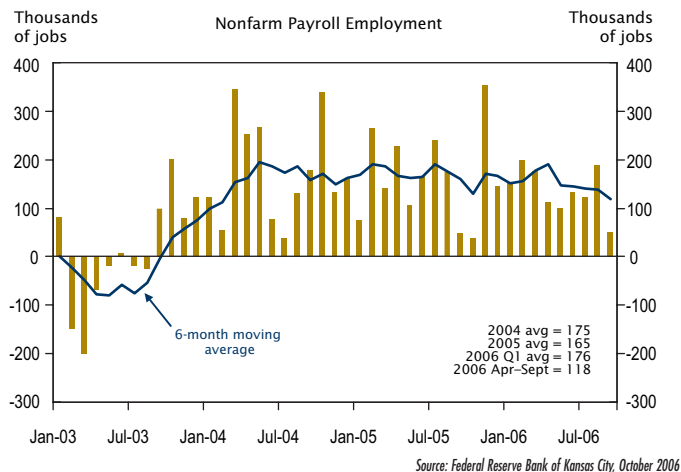
NATIONAL REAL ESTATE MARKET

Both the economy and the real estate sector seem to have shrugged off the mid-term congressional elections where the democrats regained control of both houses. Even though many candidates ran on a platform of raising taxes, both the real estate and equity markets seem “ho hum” about the results.

Under Ben Bernanke’s watch, the Federal Reserve has continued to maintain the confidence of the financial markets. His reputation for being an “inflation hawk” has served him well in his first year.

The economy continues to expand; however, prosperity seems to depend upon the individual sector in which you work as opposed to some previous expansions where “all boats were rising” with the tide. As Figures 1 and 2 demonstrate, the labor markets are healthy, but hiring has slowed. Some economists suggest the slowdown in economic growth comes from lack of consumer spending and the fall off of the housing sector. Nonetheless, business spending remains robust.

FIGURE 1
NONFARM PAYROLL EMPLOYMENT



A major contributor to the job growth slow down is likely the housing sector. With interest rates rising, new home sales are down 15.6 % year over year and re-sales are down 7.1%. Figure 3 displays historical home sales volume.

Many residential realtors and mortgage bankers are suggesting the world is coming to an end, but Integra believes this is a healthy correction and will contribute to controlling inflation which will be good for the current U.S. economy. Some suggest

that residential construction contributed to approximately 17% of the GDP in 2005. Thus, the decline in construction is largely responsible for the slow down of GDP.

Fortunately, both crude oil and retail gasoline prices have fallen. This unexpected retreat, which is displayed in Figure 4, has been a positive influence on inflation.

FIGURE 2
EMPLOYMENT

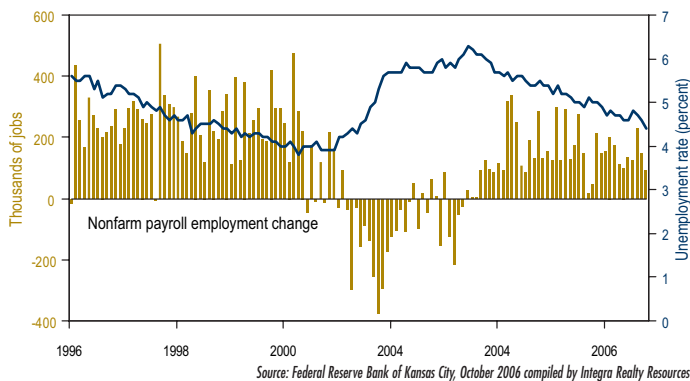
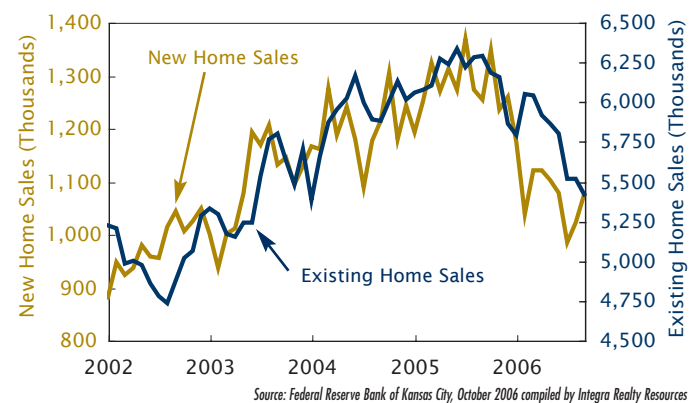


FIGURE 3
HISTORICAL HOME SALES VOLUMES



Most economists believe moderate growth is expected in the near term and the economy is strong. Integra believes GDP will grow in the 1.75% to 2.25% range in 2006 and 2.5% in 2007.

FIGURE 4
HISTORICAL GASOLINE & CRUDE OIL SALES PRICES

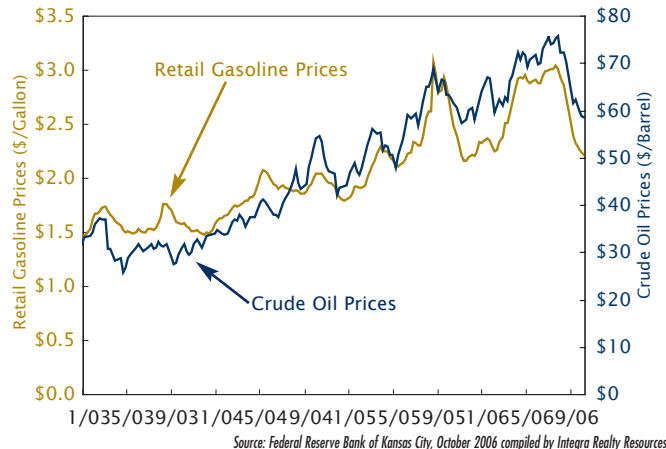
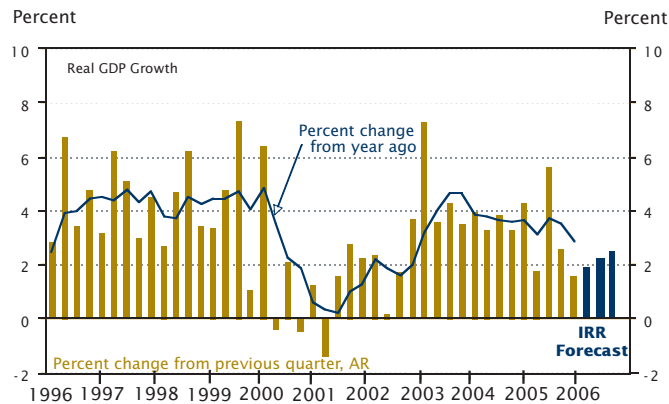


FIGURE 5
HISTORICAL REAL GDP TREND GROWTH & IRR FORECAST

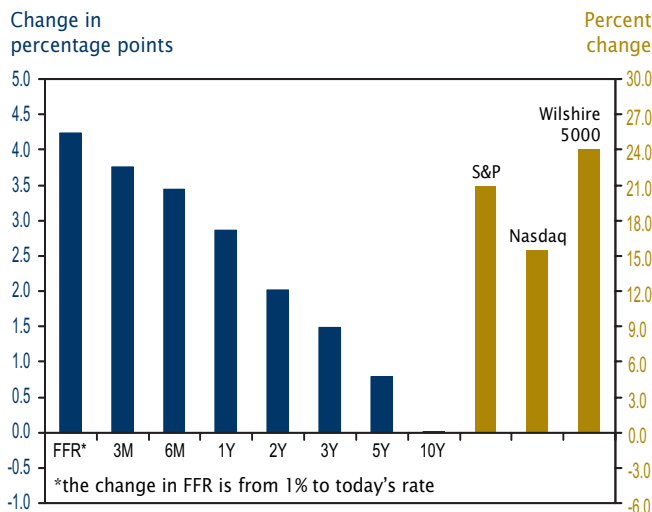


Source: Federal Reserve Bank of Kansas City, October 2006 compiled and modified by Integra Realty Resources

The Federal Reserve raised rates 17 consecutive times between June 2004 and August 2006. Since that time, they have held rates; however, the vote has not been unanimous.

While the change in short-term rates has definitely put some pressure on the cost of funds to developers for construction loans, Figure 6 depicting the changes in the rates since June 2004 suggests that the long term rates have remained relatively flat.

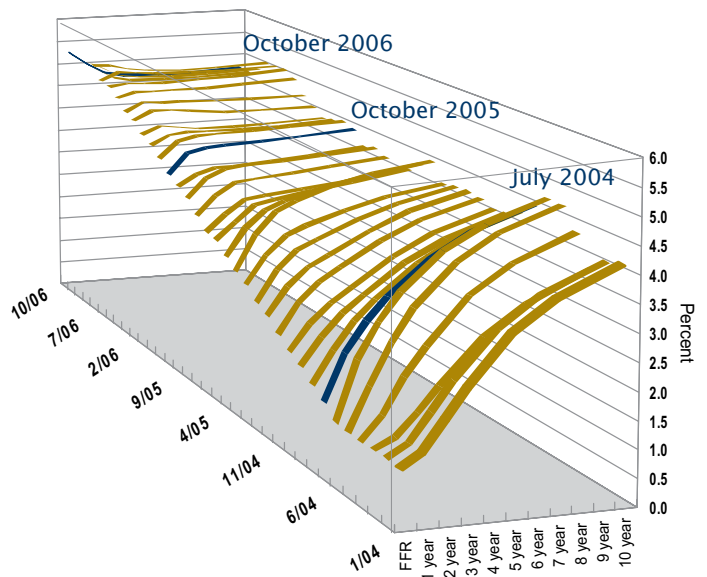
FIGURE 6
CHANGES IN FINANCIAL MARKETS
(since the June 2004 FOMC meeting)



Source: compiled by Integra Realty Resources

In fact, the yield curve in Figure 7 identifies the inverted nature on the curve at the time this report was written, November 2006. Generally speaking, the inverted yield curve suggests that the financial markets believe the short term rates will be reduced by the Federal Reserve in the near future. While Integra has no crystal ball, we do believe the accommodative long term rates have positive impacts upon the commercial real estate capital markets.

FIGURE 7
YIELD CURVE



Source: Federal Reserve Bank of Kansas City, October 2006

Reflecting upon the changes in real estate funding over the past decade is a useful exercise. Table 8 demonstrates that the commercial real estate capital market has grown from \$1.16 trillion in 1996 to \$3.22 trillion in 2006. This increase of

TABLE 8
SUMMARY OF CAPITAL SOURCES (\$ BILLIONS)

	1996		2006		% Change
	Total Capital	% of Total Capital	Total Capital IRR Estimates	% of Total Capital	
Private Debt					
Life Insurance Companies	\$192.6	16.56%	\$290.3	9.02%	50.70%
Banks & Mortgage Companies	\$427.4	36.76%	\$977.0	30.35%	128.59%
S&Ls and Mutual Savings Banks	\$124.7	10.72%	\$459.3	14.27%	268.32%
Pension Funds	\$28.3	2.43%	\$46.1	1.43%	62.72%
Subtotal	\$773.0	66.48%	\$1,772.6	55.06%	129.31%
Public Debt					
Government Credit Agencies	\$68.3	5.87%	\$121.4	3.77%	77.80%
Commercial Mortgage Securities	\$92.9	7.98%	\$691.9	21.49%	645.18%
Mortgage REITS	\$3.9	0.34%	\$27.2	0.84%	597.44%
Public Real Estate Partnerships	NA	NA	\$0.2	0.01%	NA
Subtotal	\$165.0	14.19%	\$840.7	26.11%	409.48%
Total Debt	\$938.0	80.67%	\$2,613.3	81.17%	178.60%
Private Equity					
Pension Funds	\$115.4	9.92%	\$181.2	5.63%	57.04%
Foreign Investors	\$27.5	2.37%	\$48.9	1.52%	77.63%
Subtotal	\$142.9	12.29%	\$230.1	7.15%	61.01%
Public Equity					
REITs (Equity & Hybrid)	\$82.0	7.05%	\$347.0	10.78%	323.43%
Public Real Estate Ltd. Partnerships	NA	NA	\$29.3	0.91%	NA
Subtotal	\$82.0	7.05%	\$376.3	11.69%	359.18%
Total Equity	\$224.8	19.33%	\$606.4	18.83%	169.69%
Total Capital	\$1,162.8	100.00%	\$3,219.6	100.00%	176.88%

Sources: Federal Reserve, NAREIT, CMSA, Bureau of Economic Analysis, NCREIF, PriceWaterhouse Coopers, HUD, and Equitable Real Estate Investment Management

176.88% represents 10.7% average annual growth. It is interesting to note that the Central Bank exposure has declined from 47.45% to 44.62% of the total capital. Moreover, the growth of the CMBS sector has significantly impacted the real estate industry over the past decade. CMBS now accounts for 21.49% of the total real estate capital, which represents substantial growth from 7.98% in 1996.

REIT's have continued to outperform the other investment alternatives with the entire sector yielding approximately 36%. As Integra predicted, the Apartment and Hospitality sectors performed well with trailing 12 month yields at 41.5% and 40.3%, respectively. Other sub-sectors that hit "over the top" yields were office at 47.4%, self storage at 39.6%, industrial at 37.3% and shopping centers at 37.8%. These yields have attracted substantial capital to the REIT sector as demonstrated by Table 8. At the end of November 2006, REIT's were generally trading at 117% of Net Asset Value (NAV)¹. IRR believes the accretion is a result of increased liquidity for REITs vs. direct property ownership and that the market still recognizes upside in the rent structure.

Figure 9 is Integra's best effort at forecasting the 2006 volume of the CMBS market versus previous years. It is interesting to note the prospects for roll-off that will be refinanced in 2007 at rates much more favorable than the previous mortgages.

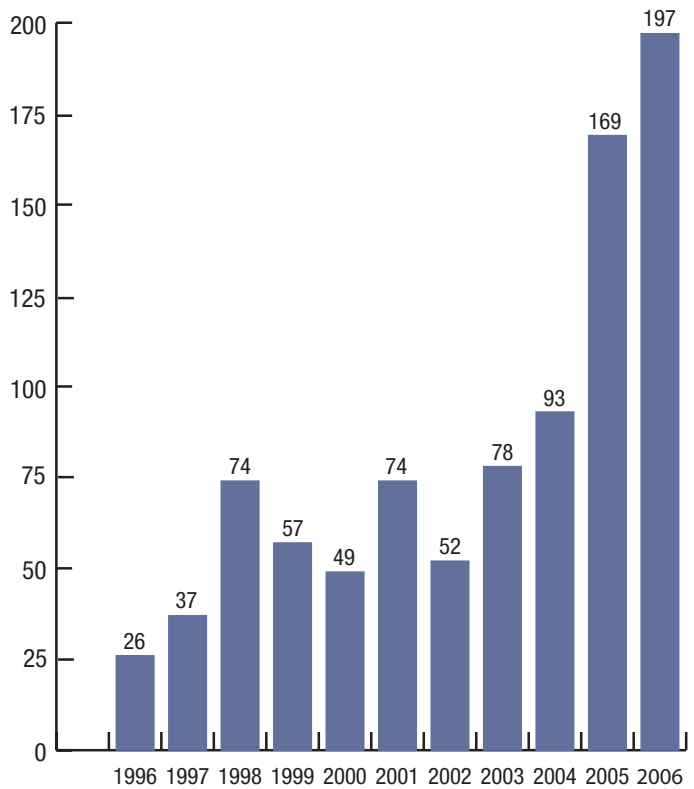
Integra continues to recognize that the real estate sector is nothing more than an option for the prudent investor. Most responsible investors will balance their portfolios with equities and real estate in an effort to spread the risk. Accordingly, we are once again providing in Table 10 some historical comparisons of the various alternatives available to investors. We are happy to report that the real estate sector has more than held its own as one of the available alternatives for investors.

EXPECTATIONS FOR 2007

IRR is again bullish on the real estate sector in 2007. We expect the trend of privatizing REITs to continue. The proposed buyout of Equity Office Properties by Blackstone is an example of such a transaction. If completed, this transaction will arguably be the largest real estate transaction ever completed. Real Estate continues to be the darling of investors. As bankers have identified for years, it is unlikely for the banks' collateral to disappear in a real estate transaction. Therefore, underwriting of the risk of real estate is easier than for many other industries. Furthermore, while the cycles of the market are difficult to predict, the cash flow while in a cycle is predictable. In short, IRR suggests that investors take the long position in U.S. real estate.

Again, IRR sees upside in the apartment sector with most concessions nonexistent and upside opportunities in rents. The Apartment REIT sub-sector is trading at 112% of NAV¹. Likewise, IRR still sees upside in the office and self-storage subsectors with their market caps at 114% and 107% of NAV¹, respectively. Opportunity investors might keep an eye on the

FIGURE 9
CMBS ISSUANCE (\$ IN BILLIONS)



SOURCE: compiled by Integra Realty Resources

TABLE 10
INVESTMENT ALTERNATIVES

Year	S&P 500	Bonds*	NCREIF**	NAREIT***
1995	37.50%	19.24%	7.70%	18.30%
1996	23.00%	2.90%	10.30%	35.80%
1997	33.20%	9.76%	10.90%	18.90%
1998	28.58%	9.46%	16.14%	-18.82%
1999	21.04%	-2.15%	11.11%	-4.62%
2000	-10.14%	11.84%	11.66%	26.37%
2001	-13.04%	8.50%	10.10%	13.93%
2002	-24.40%	9.15%	5.50%	3.82%
2003	26.40%	4.67%	7.84%	37.13%
2004	10.88%	4.19%	14.50%	31.58%
2005	4.90%	2.37%	20.10%	12.17%
2006 (YTD)	8.75%	2.97%	13.50%	31.11%

YTD Through October 2006
*SOURCE: Lehman's Government/Credit Bond Index
**NCREIF: Estimated Year-End Return
*** NAREIT Equity REIT Index

manufactured housing sector as it may provide some more opportunity when and if this sub-sector begins to trade below NAV. IRR believes these sub-sectors should be carefully examined for excellent risk adjusted returns in 2007!

1 All REIT index data and NAV valuations from Merrill Lynch, Nov-2006.

PROPERTY SECTOR CYCLES

New Investment Criteria

As the nation's largest independent firm focusing solely on valuation and counseling, Integra Realty Resources is uniquely positioned to provide insights into the real estate industry ranging from a comprehensive view of property sectors on a national basis to detailed information about the conditions in your neighborhood.

This *IRR-Viewpoint* publication gives you a snapshot at the end of 2006 of the conditions in major metropolitan areas in the Office, Retail, Apartment and Industrial sectors. We have also provided summaries of the Golf, Lodging and Gaming sectors in addition to an update regarding the Mexican real estate market. This information allows industry participants to evaluate the various market areas and get a feeling for overall trends in the industry. However, it is important to recognize that each individual market area consists of several submarkets that each exhibit distinct characteristics. The local IRR professionals can help you drill down on the details of the individual submarket to identify property specific fundamentals.

In the following sections, we provide detailed data regarding the Office, Retail, Apartment and Industrial markets. This information is the result of an extensive survey of individual markets by the local IRR professionals. The updates regarding the Lodging, Gaming, Golf and Mexican markets were authored by IRR professionals that specialize in those sectors.

MARKET CYCLE PHASES

Throughout *IRR-Viewpoint*, we refer to four market cycle phases including: Recovery, Expansion, Hypersupply and Recession.

TABLE 11
2006 CAP RATE RANKS

2006 Rank	Property Type	2006 Low (%)	2006 High (%)	2006 Avg. (%)
1	Suburban Multi Family	4.0	8.4	6.44
2	Urban Multi Family	4.0	10.0	6.70
3	Regional Mall	5.5	8.3	7.02
4	Community Center	6.0	9.0	7.20
5	Neighborhood Strip	6.0	8.5	7.23
6	Suburban Office	6.0	9.1	7.62
7	CBD Office	5.5	9.8	7.64
8	Office/Warehouse	6.0	9.0	7.69
9	Bulk	6.0	9.5	7.74
10	R&D	6.0	9.8	8.07
11	Manufacturing	6.5	10.0	8.23
12	CBD Lodging	7.0	10.5	8.79
13	Airport Lodging	7.5	11.0	9.10
14	Suburban Lodging	7.5	11.0	9.11

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Following are descriptions of these phases and highlights of the status of the four major sectors of the real estate industry.

Recovery

- decreasing vacancy rates
- low new construction
- moderate absorption
- low-to-moderate employment growth

Expansion

- decreasing vacancy rates
- moderate-to-high new construction
- high absorption
- moderate-to-high employment growth

Hypersupply

- increasing vacancy rates
- moderate-to-high new construction
- low-to-negative absorption
- moderate-to-low employment growth

Recession

- increasing vacancy rates
- moderate-to-low new construction
- low absorption
- low-to-negative employment growth

We determine the position of each market by analyzing vacancy rate trends, new construction starts, forecasted absorption figures and employment growth forecasts and by applying standard criteria to each surveyed city. The investment potential of properties in a particular market depends significantly upon where the market is in the cycle. For instance, a market that has entered the last stage of the recessionary phase should be expected to begin its recovery by the end of the year. The value properties in such a market should be favorably impacted as the fundamentals improve.

OFFICE MARKET CYCLE 2006

In the office sector cycle, more than 60% of the markets remained in the recovery phase, including Austin, Columbia,

TABLE 12
PROJECTED CAP RATE CHANGE

Property Type	Decline (%)	Increase (%)	Stable (%)
CBD Office	7.3	20.0	72.7
Suburban Office	1.8	27.3	70.9
Regional Mall	0.0	25.0	75.0
Community Center	0.0	23.6	76.4
Neighborhood Strip	1.8	25.5	72.7
Manufacturing	0.0	23.1	76.9
Bulk	0.0	26.4	73.6
Office/Warehouse	1.8	23.6	74.5
R&D	3.6	18.2	78.2
Urban Multifamily	5.7	34.0	60.4
Suburban Multifamily	1.8	41.8	56.4
CBD Lodging	10.4	22.9	66.7
Suburban Lodging	9.1	29.1	61.8
Airport Lodging	9.6	34.6	55.8
AVERAGE	3.8	26.8	69.4

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TABLE 13

CAPITALIZATION RATES, DISCOUNT RATES, REVERSION RATES, MARKET RENT CHANGE RATES, EXPENSE GROWTH RATES AND TENANT FINISH ALLOWANCES

Property Types	Atlanta, GA	Austin, TX	Baltimore, MD	Boise, ID	Boston, MA	Charlotte, NC	Chicago, IL	Cincinnati, OH	Columbia, SC	Columbus, OH	Dallas, TX	Dayton, OH	Denver, CO	Detroit, MI	Fort Worth, TX	Greenville, SC	Hartford, CT	Houston, TX	Indianapolis, IN	Kansas City, MO/KS	Las Vegas, NV	Long Island, NY	Los Angeles, CA	Louisville, KY	Memphis, TN	Miami, FL
GOING-IN CAP RATE (%)	CBD Office 9.00	8.50	7.25	7.00	6.00	7.00	7.07	8.75	8.75	8.00	8.21	9.50	7.50	9.00	8.21	8.25	8.50	7.25	8.50	8.50	7.00	7.25	7.00	8.40	8.50	7.50
	Suburban Office 7.75	9.00	7.25	7.18	7.00	7.25	7.75	9.00	8.87	8.50	8.21	8.50	7.50	8.00	8.21	8.87	8.30	7.25	8.25	7.75	7.00	7.25	6.50	8.60	7.50	7.50
	Regional Mall 7.50	7.25	7.00	-	7.00	7.00	7.50	7.75	8.00	8.00	7.20	8.00	6.50	7.95	7.20	8.00	7.10	8.00	7.25	9.00	8.00	6.00	7.00	8.00	7.00	7.00
	Community Center 7.50	7.50	7.00	6.40	6.75	7.00	7.59	7.00	8.25	7.00	7.32	8.25	7.75	7.75	7.32	8.25	7.30	7.25	7.50	9.00	7.00	6.50	7.00	8.50	7.00	7.25
	Neighborhood Strip 7.75	7.60	7.00	6.90	7.25	7.00	7.69	7.75	7.75	7.50	7.36	8.25	7.50	8.00	7.36	7.75	7.30	7.25	7.75	7.50	7.00	6.75	7.00	8.50	8.00	7.50
	Manufacturing 9.00	9.00	7.75	7.50	7.50	8.25	7.20	9.00	10.00	9.00	7.25	9.00	8.00	9.00	7.25	10.00	8.75	8.25	9.50	8.50	7.50	8.00	8.00	8.00	8.00	7.50
	Bulk 8.25	9.00	7.50	7.50	7.50	7.75	8.13	8.25	9.50	8.50	7.03	9.00	8.00	9.00	7.03	9.50	8.30	8.00	7.00	8.00	7.50	7.25	7.50	8.50	7.50	7.50
	Office/Warehouse 8.50	9.00	7.50	7.53	7.50	7.75	7.03	8.25	8.75	9.00	7.25	9.00	8.50	8.75	7.25	8.75	8.00	8.00	8.00	8.00	7.50	7.25	7.50	8.50	8.00	7.50
	R&D 8.75	9.00	8.00	7.50	8.00	8.25	8.01	8.50	9.75	9.00	8.40	9.00	8.50	8.50	8.40	9.75	8.50	7.50	8.00	8.50	7.50	7.75	7.50	8.50	8.00	7.50
	Urban Multi Family 7.50	8.00	5.75	-	6.00	6.00	7.03	8.50	7.50	6.50	5.98	8.50	5.00	7.75	5.98	7.50	8.00	6.50	7.50	7.50	7.00	7.00	6.50	7.00	6.75	7.50
	Suburban Multi Family 8.00	8.00	5.25	6.38	6.00	6.00	6.74	8.00	7.25	7.00	6.25	7.75	5.00	7.25	6.25	7.25	6.50	6.50	7.25	7.00	7.00	6.00	6.50	7.00	6.75	7.50
	CBD Lodging 9.00	9.50	9.25	-	9.00	9.25	8.50	10.50	9.00	9.00	8.81	10.50	9.00	10.00	8.81	9.00	9.25	8.00	10.25	-	8.00	8.75	8.00	9.50	9.00	7.50
	Suburban Lodging 8.50	10.00	9.00	10.00	9.00	10.00	9.50	10.00	10.00	10.00	8.90	10.00	9.00	9.75	8.90	10.00	9.30	8.50	10.50	-	8.00	8.50	8.00	10.00	9.00	8.00
	Airport Lodging 9.75	10.00	9.00	10.00	9.00	10.00	8.50	10.50	10.00	10.00	8.90	10.50	10.00	10.00	8.90	10.00	9.00	8.50	11.00	-	8.00	8.50	8.00	9.80	10.00	8.00
GOING-IN DISCOUNT RATE (%)	CBD Office 11.00	10.00	8.50	9.50	7.50	8.25	8.34	10.75	10.00	8.50	9.13	10.75	8.00	9.25	9.13	10.00	10.00	8.75	9.50	9.50	9.50	8.00	9.00	9.50	9.00	9.00
	Suburban Office 9.75	10.50	8.50	9.68	8.50	8.50	9.18	11.00	9.75	9.00	9.00	10.00	8.50	9.00	9.00	9.75	11.00	8.75	9.50	9.50	9.50	7.75	8.50	9.70	8.00	9.00
	Regional Mall 8.50	8.80	8.25	-	8.50	8.25	9.30	9.75	8.75	9.00	8.95	10.00	8.00	8.75	8.95	8.50	9.00	8.50	9.00	7.50	9.50	7.50	9.00	9.00	8.50	8.50
	Community Center 8.50	9.00	8.25	8.90	8.25	8.25	9.26	9.00	9.00	8.00	8.68	9.50	8.50	8.75	8.68	9.00	9.05	8.75	9.00	10.00	9.50	7.50	9.00	9.50	8.50	8.75
	Neighborhood Strip 8.75	9.15	8.25	9.40	8.75	8.25	9.32	9.75	9.25	8.50	8.48	9.75	8.50	8.75	8.48	9.25	9.50	8.75	9.00	9.00	9.50	7.70	9.00	9.50	9.50	8.75
	Manufacturing 10.00	10.40	9.00	10.00	9.00	9.50	9.40	11.00	11.00	10.00	8.00	11.00	9.00	10.25	8.00	11.00	11.25	9.75	11.50	9.50	9.50	8.25	10.00	9.50	9.00	8.75
	Bulk 9.25	10.40	8.75	10.00	9.00	9.00	9.67	10.25	10.25	9.00	8.11	11.00	9.00	10.00	8.11	10.25	9.80	9.50	9.00	9.00	9.50	7.50	9.50	9.50	8.50	9.00
	Office/Warehouse 9.50	10.40	8.75	10.03	9.00	9.00	9.57	10.25	10.00	9.50	8.20	10.25	9.50	9.75	8.20	10.00	10.00	9.50	9.50	9.00	9.50	7.50	9.50	9.50	9.00	9.00
	R&D 9.75	10.40	9.50	10.00	9.50	9.50	9.02	10.50	10.50	9.50	9.02	10.25	9.50	9.25	9.02	10.50	10.25	9.00	9.50	9.50	9.50	7.75	9.50	9.60	9.00	9.00
	Urban Multi Family 9.00	9.80	7.00	-	7.50	7.50	8.89	10.50	9.75	8.50	7.50	10.50	8.00	8.50	7.50	9.50	9.50	8.00	9.00	9.50	9.50	7.75	8.50	9.00	7.75	9.00
	Suburban Multi Family 9.50	9.90	6.50	8.88	7.50	7.50	8.76	10.00	9.50	9.00	7.50	10.50	8.00	8.50	7.50	9.50	9.00	8.00	9.00	8.50	9.50	7.50	8.50	8.50	7.75	9.00
	CBD Lodging 10.50	11.25	10.50	-	10.50	10.25	10.00	12.50	11.50	11.00	11.35	12.50	12.00	11.00	11.35	11.50	11.50	9.50	12.25	-	10.50	8.50	10.00	12.00	11.00	10.00
	Suburban Lodging 9.50	11.70	10.25	12.50	10.50	11.00	11.00	12.00	11.75	12.00	9.70	12.00	12.00	10.50	9.70	11.75	12.00	10.00	12.25	-	10.50	8.50	10.00	13.00	11.00	10.00
	Airport Lodging 11.25	11.70	10.25	12.50	10.50	11.00	10.50	12.50	11.75	12.00	9.70	12.50	12.00	10.75	9.70	11.75	11.50	10.00	13.00	-	10.50	8.50	10.00	13.00	12.00	10.00
REVERSION CAP RATE (%)	CBD Office 9.50	9.15	8.00	7.50	6.50	7.50	7.98	11.25	9.00	8.50	8.69	11.00	8.00	9.25	8.69	8.75	8.75	7.75	9.25	9.00	7.50	7.75	7.50	9.10	8.75	8.00
	Suburban Office 8.25	9.60	8.00	7.68	7.50	7.75	8.43	11.50	9.50	8.75	8.50	10.25	8.00	8.25	8.50	9.50	8.55	7.75	9.00	8.25	7.50	7.75	7.00	9.30	7.75	8.00
	Regional Mall 8.00	7.90	7.75	-	7.50	7.75	8.27	10.25	8.75	8.50	7.82	10.25	7.00	8.20	7.82	8.75	7.35	8.50	8.00	6.50	8.50	7.00	7.50	8.50	7.25	7.50
	Community Center 8.00	8.15	7.75	6.90	7.25	7.75	8.28	9.50	9.00	7.50	7.70	9.75	8.25	8.00	7.70	9.00	7.55	7.75	8.25	9.50	7.50	7.50	9.00	7.25	8.00	
	Neighborhood Strip 8.25	8.20	7.75	7.40	7.75	7.50	8.26	10.25	8.50	8.00	7.97	10.00	8.00	8.25	7.97	8.50	7.55	7.75	8.25	8.00	7.50	7.50	7.50	9.00	8.25	8.00
	Manufacturing 9.50	9.70	8.50	8.00	8.00	8.75	8.50	11.50	10.50	9.00	8.30	11.25	8.50	9.25	8.30	10.50	9.00	8.75	10.50	9.50	8.00	8.50	8.50	9.50	8.50	8.50
	Bulk 8.75	9.60	8.25	8.00	8.00	8.25	8.73	10.75	10.00	9.00	7.14	11.50	8.50	9.25	7.14	10.00	8.55	8.50	7.75	8.50	8.00	7.75	8.00	9.20	8.00	8.50
	Office/Warehouse 9.00	9.70	8.25	8.03	8.00	8.25	8.61	11.75	9.25	9.50	8.50	10.75	9.00	9.00	8.50	9.25	8.25	8.50	8.75	8.50	8.00	7.75	8.00	9.20	8.50	8.50
	R&D 9.25	9.60	8.75	8.00	8.50	8.75	8.41	10.00	10.25	9.50	8.41	10.75	9.00	8.75	8.41	10.25	8.75	8.00	9.00	9.50	8.00	7.75	8.00	9.10	8.50	8.50
	Urban Multi Family 8.00	8.80	6.50	-	6.50	6.50	7.68	11.00	8.75	7.00	6.50	10.50	6.00	8.00	6.50	8.75	8.25	7.00	8.00	8.00	7.50	7.75	7.00	8.00	7.00	8.50
	Suburban Multi Family 8.50	8.75	6.25	6.88	6.50	6.50	7.54	10.50	8.50	7.50	6.75	10.50	6.50	7.50	6.75	8.50	7.75	7.00	7.50	7.50	7.50	6.75	7.00	8.00	7.00	8.50
	CBD Lodging 9.50	10.15	10.00	-	9.50	9.75	8.75	13.00	9.50	10.00	9.13	13.00	9.50	10.25	9.13	9.50	9.50	8.50	11.00	-	8.50	9.00	9.00	10.00	9.25	9.50
	Suburban Lodging 9.00	11.70	9.75	10.50	9.50	10.50	9.75	12.50	10.50	11.00	10.00	12.50	9.50	10.00	10.00	10.50	9.55	9.00	11.00	-	8.50	9.00	9.00	10.50	9.25	9.50
	Airport Lodging 10.25	11.70	9.75	10.50	9.50	10.50	8.75	13.00	10.50	11.00	10.00	13.00	10.50	10.25	10.00	10.50	9.25	9.00	12.00	-	8.50	9.00	9.00	10.00	10.25	9.50
MARKET RENT INFLATOR (%)	CBD Office 1.00	5.00	2.00	3.00	5.00	3.00	3.04	1.00	0.00	2.00	2.80	0.00	3.00	-2.00	2.80											

TABLE 13 continued

Minneapolis, MN	Naples/Ft. Myers, FL	Nashville, TN	New Jersey, Coastal	New Jersey, Northern	New York, NY	Oakland, CA	Orange County, CA	Orlando, FL	Philadelphia, PA	Phoenix, AZ	Pittsburgh, PA	Portland, OR	Providence, RI	Richmond, VA	Sacramento, CA	Salt Lake City, UT	San Antonio, TX	San Diego, CA	San Francisco, CA	San Jose, CA	Sarasota, FL	Seattle, WA	St. Louis, MO	Syracuse, NY	Tampa, FL	Tulsa, OK	Washington, DC	Wilmington, DE	Averages
7.00	7.50	8.00	8.75	7.25	5.50	6.00	-	6.50	7.00	7.00	9.75	6.25	8.60	8.00	6.50	8.25	8.50	6.50	5.50	6.50	7.50	6.00	7.50	8.65	8.50	9.50	6.00	7.50	7.64
7.25	7.50	7.50	9.10	7.25	6.75	7.00	6.50	6.75	7.25	7.00	8.25	6.75	8.50	8.00	6.75	8.00	8.00	7.50	6.00	6.50	7.00	6.50	7.50	8.00	8.00	9.00	6.75	7.50	7.62
6.25	-	7.00	6.60	6.25	6.25	5.75	6.50	-	6.75	7.00	7.25	7.00	7.50	6.75	6.75	7.00	8.25	6.50	5.75	5.75	-	5.50	7.50	-	7.00	7.50	7.00	6.50	7.02
6.50	7.00	7.50	7.00	7.75	6.00	6.00	7.00	7.00	7.00	7.25	7.00	7.60	8.00	6.50	7.00	8.25	6.50	6.00	6.00	6.00	7.00	6.50	8.00	7.75	7.50	7.00	6.25	7.00	7.20
6.75	7.00	7.50	6.50	6.75	7.25	6.25	6.00	6.25	6.25	7.00	7.50	7.50	7.75	8.00	6.25	7.00	7.75	7.00	6.25	6.25	7.00	6.00	8.00	7.50	8.50	8.00	6.25	6.75	7.23
8.50	-	9.00	8.00	8.00	8.00	6.50	7.00	-	8.00	8.00	9.00	9.00	8.80	9.50	7.75	8.25	8.75	7.00	6.50	6.50	-	7.00	9.00	-	8.50	9.00	7.75	8.00	8.23
8.00	-	8.00	7.20	7.00	7.25	6.00	7.00	7.00	7.00	8.00	9.00	7.50	8.40	9.00	6.50	8.00	8.25	7.00	6.00	6.00	-	7.00	8.00	-	7.75	8.50	7.50	7.00	7.74
7.75	6.00	9.00	8.10	7.50	7.75	7.50	7.50	6.25	8.00	8.00	8.75	9.00	8.75	8.80	7.25	8.00	8.25	7.00	7.50	7.50	6.00	7.50	8.50	-	8.00	-	8.25	8.50	8.07
6.25	-	10.00	7.20	7.75	5.75	4.75	5.00	-	6.00	6.00	6.50	5.75	8.25	7.00	5.75	6.50	6.50	5.50	4.75	4.75	6.00	4.00	8.50	8.80	6.50	7.75	5.75	6.50	6.70
6.75	6.00	7.50	5.60	6.00	4.75	4.50	5.00	5.00	5.50	6.00	6.75	6.00	8.00	7.00	5.75	6.50	6.50	6.00	4.75	4.75	6.00	4.00	6.75	8.40	7.00	7.25	5.50	6.00	6.44
9.50	-	10.00	8.50	8.75	8.25	7.25	8.00	-	7.00	8.00	9.00	10.00	9.50	9.00	8.00	-	9.00	7.00	7.50	7.50	-	8.50	-	-	9.00	12.00	9.00	8.50	8.79
10.00	10.00	9.00	8.75	8.75	8.25	7.50	8.00	9.50	7.50	9.00	9.00	11.00	9.60	9.50	8.50	-	9.50	9.50	7.50	7.50	10.00	9.00	8.50	-	8.50	10.00	9.00	8.50	9.11
9.25	-	9.50	8.60	8.75	8.75	8.00	8.00	9.50	7.50	9.00	9.00	10.00	9.10	9.50	8.50	-	9.50	8.00	8.00	7.50	-	8.50	-	-	8.00	10.00	9.00	8.50	9.10
8.50	10.00	9.00	10.25	7.50	7.00	7.50	-	8.00	8.25	9.00	9.75	8.00	10.25	10.00	8.00	9.75	10.50	8.00	7.25	7.50	10.00	7.50	8.50	10.15	10.00	11.00	7.50	9.00	9.04
8.75	10.00	8.00	10.60	7.75	7.50	7.50	8.50	8.00	8.00	9.00	8.25	8.00	11.25	10.00	8.00	10.70	10.00	9.00	7.50	8.00	10.00	8.00	9.00	10.70	10.70	11.70	7.75	8.50	9.12
8.00	-	8.00	8.10	7.50	7.00	7.25	9.00	-	8.00	9.00	9.75	7.50	8.75	7.75	9.00	8.70	9.50	8.00	7.25	7.25	-	6.50	8.50	-	8.70	9.20	8.25	8.25	8.48
8.50	10.00	8.50	8.50	7.50	7.75	7.50	9.00	8.25	8.25	9.00	8.75	7.50	9.10	9.00	8.50	8.75	9.00	8.00	7.50	7.50	10.00	7.50	9.00	9.50	9.25	8.75	7.50	8.50	8.81
8.75	10.00	9.00	8.00	7.50	7.50	7.75	9.00	8.00	8.25	9.00	8.75	8.00	9.50	9.00	8.00	9.20	9.00	8.50	7.75	7.75	10.00	8.00	9.00	9.70	10.70	10.20	7.50	8.50	8.64
9.00	-	10.00	9.50	8.25	8.50	8.50	9.50	-	8.75	9.00	10.50	8.00	11.00	11.50	9.00	10.75	9.50	8.50	8.50	8.50	-	8.00	10.00	-	11.00	12.00	9.00	9.50	9.60
9.00	-	9.00	8.70	7.50	7.75	7.00	9.00	8.50	7.75	9.00	10.50	8.00	9.75	11.00	8.25	9.50	9.50	8.50	7.00	7.00	-	8.00	9.00	-	9.25	10.00	9.00	8.50	9.01
9.00	9.00	8.00	8.70	7.50	7.75	7.25	9.00	8.00	8.50	9.00	9.75	8.00	9.80	11.00	8.50	10.00	9.50	8.00	7.25	7.25	9.00	7.50	9.50	-	10.00	10.50	8.75	9.00	9.05
9.00	9.00	9.50	9.60	7.75	8.25	8.00	9.50	8.00	9.00	9.00	9.75	9.00	10.50	11.00	9.00	9.75	9.50	8.50	8.00	8.00	9.00	9.00	9.50	-	9.75	-	9.50	9.50	9.18
8.50	-	10.50	8.70	8.00	7.50	6.75	8.50	-	7.25	8.50	9.00	8.00	9.50	9.00	7.00	8.00	8.50	7.00	6.50	6.50	-	7.00	9.50	10.30	8.00	9.25	7.00	8.00	8.42
8.75	9.00	8.00	7.10	7.50	7.50	6.75	8.50	6.25	7.25	8.50	9.00	8.00	9.00	9.00	7.00	8.00	8.50	7.50	6.50	6.50	9.00	7.50	8.50	9.90	8.50	8.75	6.75	8.00	8.27
10.75	-	10.50	10.00	8.75	8.75	9.50	10.00	10.25	9.50	10.00	11.00	11.00	11.25	11.50	10.00	-	9.50	8.50	10.00	10.00	-	9.50	-	-	11.25	-	10.25	10.00	10.53
11.25	11.00	9.50	10.25	8.50	8.75	9.50	10.00	10.25	10.00	11.00	11.00	12.00	11.75	12.00	10.50	-	10.00	11.00	10.00	10.00	11.00	10.50	10.00	-	11.20	12.70	10.25	10.00	10.75
10.50	-	10.50	10.10	8.50	8.75	10.50	10.00	10.00	10.00	11.00	11.00	11.00	11.50	12.00	10.50	-	10.00	9.50	10.00	10.00	-	9.50	-	-	10.50	12.50	10.25	10.00	10.76
7.50	8.00	8.50	9.00	7.50	6.50	7.00	-	7.50	7.75	8.00	9.75	6.75	8.80	8.25	6.75	9.00	9.50	7.50	7.00	7.00	8.00	6.50	7.75	9.35	9.20	10.20	6.50	8.00	8.25
7.75	8.00	7.75	9.25	7.50	7.00	7.00	7.25	8.00	8.00	8.50	8.50	7.25	8.50	8.25	7.00	9.00	9.00	8.50	7.00	7.00	8.00	7.00	7.75	8.70	8.70	9.70	7.50	8.00	8.20
7.00	-	7.50	7.00	7.00	6.25	7.00	-	7.50	8.00	7.75	7.50	7.50	7.50	7.00	8.00	9.00	7.50	6.25	6.25	-	6.00	7.75	-	7.75	8.25	7.75	7.00	7.68	
7.00	7.50	9.00	7.25	7.75	8.00	6.75	6.50	7.50	7.75	8.00	7.75	7.50	7.75	9.00	6.75	7.50	8.50	7.50	6.75	6.75	7.50	7.00	8.50	8.50	8.25	7.75	7.00	7.50	7.84
7.25	7.50	8.50	6.75	7.75	7.75	7.00	6.50	6.75	7.00	8.00	8.00	8.00	7.75	9.00	6.50	7.50	8.50	8.00	7.00	7.50	7.50	6.50	8.00	8.15	9.15	8.65	7.00	7.50	7.86
9.00	-	9.50	8.25	9.00	8.50	7.50	8.00	-	8.75	9.00	9.50	9.50	9.00	9.75	8.25	8.75	9.25	8.00	7.50	7.50	-	7.50	9.50	-	9.25	10.25	8.50	8.50	8.94
8.50	-	8.50	7.50	7.75	8.25	6.50	7.50	7.75	7.75	9.00	9.50	8.00	8.75	9.25	6.75	9.00	9.25	8.00	6.50	6.50	-	7.50	8.50	-	8.50	9.25	8.50	7.50	8.38
8.25	6.50	7.75	7.50	7.75	8.25	6.75	7.50	6.75	8.25	9.00	8.75	7.75	8.50	9.25	7.00	9.25	9.25	7.50	6.75	6.75	6.50	7.00	9.00	-	8.75	9.25	8.25	8.00	8.33
8.25	6.50	9.25	8.35	7.75	8.50	8.00	8.00	6.75	8.75	9.00	8.75	9.50	8.00	9.00	7.75	9.00	9.75	8.00	8.00	6.50	9.00	9.00	-	8.70	-	9.00	9.00	8.66	
6.75	-	10.25	7.50	8.00	6.75	5.75	7.00	-	6.75	7.00	7.00	6.25	8.80	8.00	6.00	7.00	7.00	6.50	6.00	5.50	6.00	8.75	9.65	7.35	8.60	6.50	7.00	7.48	
7.25	6.50	7.75	6.25	6.75	7.00	5.75	6.00	5.50	6.25	7.00	7.25	6.50	7.90	7.50	6.00	7.00	7.00	7.00	6.00	5.50	6.50	6.25	7.25	9.20	7.80	8.05	6.25	7.00	7.21
10.00	-	10.25	8.75	9.00	9.00	8.50	9.00	-	7.75	9.00	9.50	11.00	9.50	9.50	8.50	-	9.00	8.00	8.50	8.50	-	9.00	-	-	9.75	-	9.75	9.00	9.47
10.50	10.50	9.25	9.00	9.00	9.00	8.50	9.00	10.00	8.25	10.00	9.50	12.00	9.60	10.00	8.75	-	9.50	10.50	8.50	8.50	10.50	9.50	9.00	-	9.25	10.75	9.75	9.00	9.79
9.75	-	10.00	8.85	9.00	9.00	8.75	9.00	10.00	8.25	10.00	9.50	11.00	9.30	10.00	8.75	-	9.50	9.00	8.50	8.50	-	9.00	-	-	8.75	10.75	9.75	9.00	9.78
3.00	5.00	3.00	4.00	3.00	6.00	5.00	3.00	3.00	2.50	3.00	2.00	3.00	1.00	3.00	0.00	3.00	2.00	4.00	5.50	5.00	5.00	7.50	2.00	2.00	1.00	0.00	3.00	1.00	2.62
3.00	5.00	3.00	3.00	3.00	4.00	5.00	3.00	3.00	3.25	3.00	2.00	3.00	2.00	3.00	0.00	3.00	2.00	3.00	5.00	5.00	10.00	2.00	2.00	4.00	2.50	3.00	2.00	2.90	
3.00	0.00	2.00	3.00	3.25	3.50	3.00	0.00	3.00	3.00	2.50	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	3.00	2.00	3.00	3.00	3.00	2.51
3.00	3.00	2.00	2.50	3.00	3.00	2.50	3.00	3.00	3.00	2.50	3.00	2.0																	

Dallas, Las Vegas and Philadelphia. While there were only five markets reporting expansion last year, eighteen markets are currently reporting expansion. Those moving from recovery to expansion include Charlotte, Denver, Miami, New York, San Jose and San Francisco. Sarasota and Tulsa are in the recession stage.

RETAIL MARKET CYCLE 2006

The retail sector remains strong, as the majority of markets are in the expansion phase with no markets in the recession stage. Those experiencing expansion include Atlanta, Boston, Coastal and Northern New Jersey, Greenville, Houston, Kansas City and Milwaukee. Baltimore, Chicago, Denver, Hartford and Wilmington are among those in recovery, while Cincinnati, Washington D.C. and Columbus are in hypersupply.

TABLE 14

2006 DISCOUNT RATE RANKS

2006 Rank	Property Type	2006 Low (%)	2006 High (%)	2006 Avg. (%)
1	Suburban Multi Family	6.3	10.5	8.27
2	Urban Multi Family	6.5	10.5	8.42
3	Regional Mall	6.5	10.0	8.48
4	Community Center	7.5	10.0	8.64
5	Neighborhood Strip	7.5	10.7	8.81
6	Bulk	7.0	11.0	9.01
7	CBD Office	7.0	11.0	9.04
8	Office/Warehouse	7.3	11.0	9.05
9	Suburban Office	7.5	11.7	9.12
10	R&D	7.8	11.0	9.18
11	Manufacturing	8.0	12.0	9.60
12	CBD Lodging	8.5	12.5	10.53
13	Suburban Lodging	8.5	13.0	10.75
14	Airport Lodging	8.5	13.0	10.76

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TABLE 15

PROJECTED DISCOUNT RATE CHANGE

Property Type	Decline (%)	Increase (%)	Stable (%)
CBD Office	7.5	18.9	73.6
Suburban Office	1.8	25.5	72.7
Regional Mall	0.0	24.5	75.5
Community Center	0.0	23.1	76.9
Neighborhood Strip	1.9	25.0	73.1
Manufacturing	0.0	22.4	77.6
Bulk	0.0	25.0	75.0
Office/Warehouse	1.9	22.2	75.9
R&D	3.7	16.7	79.6
Urban Multifamily	5.9	33.3	60.8
Suburban Multifamily	1.8	39.3	58.9
CBD Lodging	10.4	20.8	68.8
Suburban Lodging	9.4	28.3	62.3
Airport Lodging	7.8	33.3	58.8
AVERAGE	3.7	25.6	70.7

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APARTMENT MARKET CYCLE 2006

In the apartment sector cycle, there are no markets in the hypersupply phase and only one market, Miami, in the recession phase. Milwaukee moved out of recession and into recovery. Those also in the recovery stage include Detroit, Fort Worth, Long Island, Pittsburgh and Providence. Those markets expanding include Los Angeles, Louisville, Naples, Oakland, Orlando and Sarasota.

INDUSTRIAL MARKET CYCLE 2006

The majority of industrial markets are in the recovery or expansion phase. Detroit remains in the recession phase, while Richmond and Sacramento have moved out of recession and into recovery. Also in recovery are Kansas City, Pittsburgh, Syracuse, Tulsa, Washington D.C. and Wilmington. Expanding markets include Boise, Memphis, Nashville, Oakland, Phoenix, Salt Lake City, San Diego and Seattle.

CAPITALIZATION AND DISCOUNT RATES

Capitalization and discount rates are important measures of the conditions in the real estate investment landscape. Rising capitalization rates can be a sign of weakness, and caution is warranted. On the other hand, decreasing capitalization rates is an indication of a strong market that is viewed optimistically by investors. Comparison of capitalization rates between various markets and submarkets is a useful exercise that can give a valuable indication of market conditions. However, capitalization rates for individual properties are affected by many factors. IRR representatives have intimate knowledge of the conditions within their markets, and can help you analyze specific submarkets and properties.

Discount rates are the annualized, expected rates of return for property investments, and they also provide clues about the weakness or strength of a market. Basically, relatively low discount rates are an indication that investors view the market as exhibiting relatively low risk. On the other hand, higher discount rates are an indication that a market is viewed as riskier.

OVERALL YIELD RATES

Last year's projected capitalization rates were on average 69.8% stable, which is consistent with this year as 69.4% projected stable cap rates. However, there was a shift in those projecting declining and increasing cap rates. This year 26.8% projected cap rates to rise compared to 7.5% for last year.

Those IRR offices that are recognizing capitalization rate increases cite the increase in yield of the 10-year treasury rate as the contributing factor.

The discount rates' year-to-year change was similar to the changes seen in cap rate projections. Last year IRR projected discount rates at 68.7% stable, 21.3% declining and 9.9% increasing. This year, the projections are 70.7% stable with 3.7% declining and 25.6% increasing.

PROPERTY SECTOR CYCLES

Office, CBD & Suburban

CBD OFFICE BY THE NUMBERS

- The capitalization rate average continues to drop, down to 7.64% from last year's 8.0% and the previous year's 8.71%.
- The rate span is 5.5% to 9.8%, as compared to the 2005 rate span of 5.5% to 11%.
- The market appears to be stable as 72.7% of the offices projected stable cap rates. However, those offices that projected an increase in cap rates rose from last year's 8.2% to 20%.

- Discount rates also moved in a promising direction as they again decreased this year to 9.04%, down from 9.6% last year.
- 73.6% of those surveyed expect discount rate stability, compared with last year's 71.4%.
- Those who projected a decline in discount rates dropped from last year's 18.4% to 7.5%.

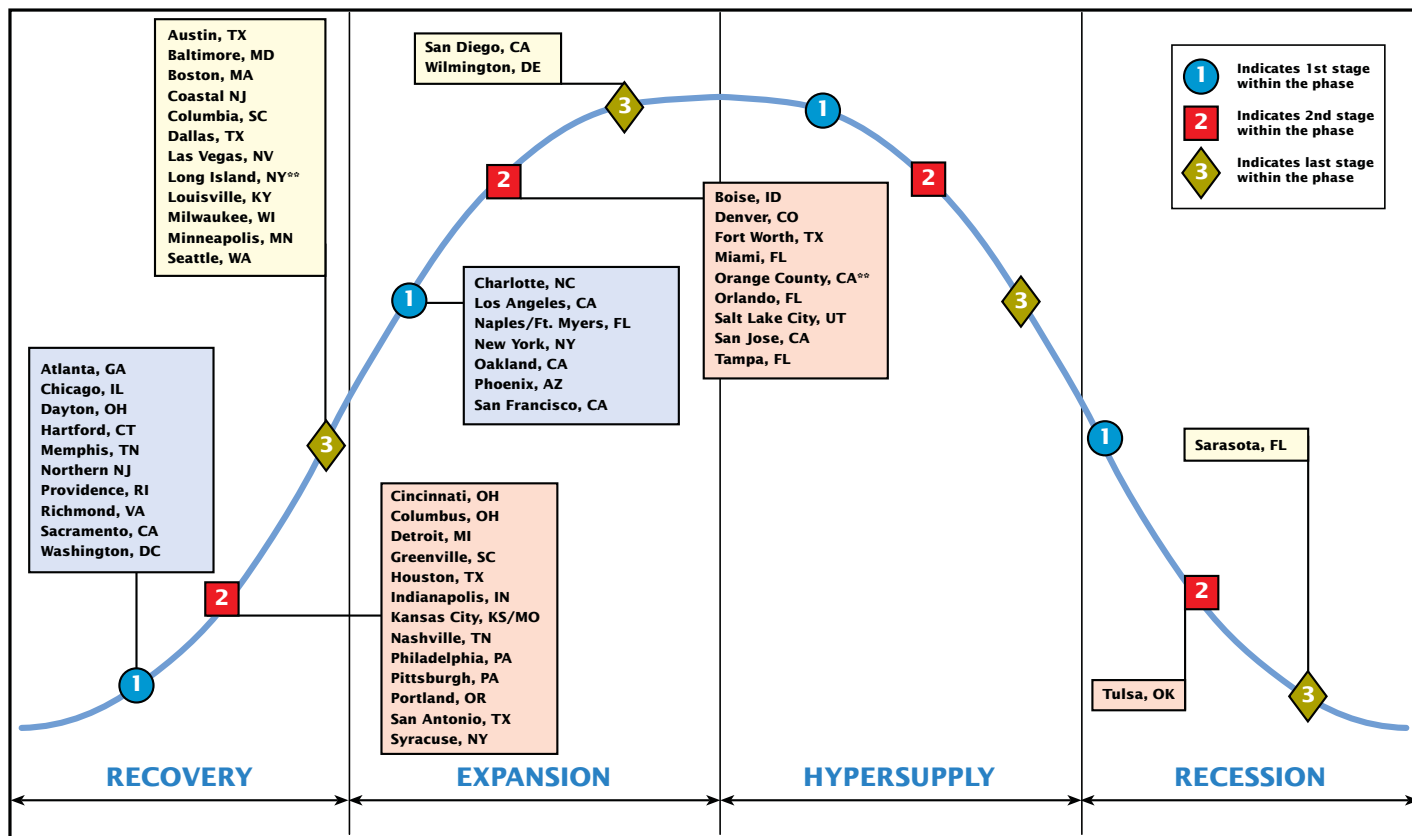
The CBD weighted average vacancy rate is currently 12.25%. Although this is still quite a bit more than the pre-9/11 rate of 7.3% as reported in *Viewpoint 2001*, it is a decrease since last year's 13.46%.

The projection for balance of supply and demand remained at 3.98 years, up slightly from last year's projection of 3.93 years.

Inventory grew by approximately 26.6 million square feet. Last year's inventory was 1.38 billion square feet, as compared with this year's inventory of 1.41 billion square feet. Development in the pipeline for 2007-2010 is 69 million square feet, which is roughly 15 million square feet more than the projections from last year.

FIGURE 16

CBD OFFICE MARKET CYCLE



Decreasing Vacancy Rates
 Low New Construction
 Moderate Absorption
 Low/Moderate Employment Growth
 Neg/Low Rental Rate Growth

Decreasing Vacancy Rates
 Moderate/High New Construction
 High Absorption
 Moderate/High Employment Growth
 Med/High Rental Rate Growth

Increasing Vacancy Rates
 Moderate/High New Construction
 Low/Negative Absorption
 Moderate/Low Employment Growth
 Med/Low Rental Rate Growth

Increasing Vacancy Rates
 Moderate/Low New Construction
 Low Absorption
 Low/Negative Employment Growth
 Low/Neg Rental Rate Growth

City data compiled using the following sources: IRR Surveys and REIS
 **Long Island, NY and Orange County, CA reflect the suburban markets.
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QUICK MARKET GLANCE

- CBD office drops to 7th place in the cap rate ranks and discount rate ranks. CBD office was ranked 6th in both categories last year.
- Many markets have moved from the recovery to the expansion phase; last year there were five markets in expansion, as compared to eighteen markets in expansion this year.
- In San Diego, one new office tower has been constructed in the CBD and several more are planned in the vicinity of the new baseball park. These are the first new towers constructed in the last fifteen years.
- Miami vacancy rates are the lowest they have been since 2000. Lease rates are expected to continue rising and vacancy to decrease due to the lack of construction activity. Office-condo conversions and new office-condos have sprung up in an effort to reach higher margins.

- The lack of substantial new construction in the Naples market has created demand that is expected to result in new construction and fast absorption in the next several years.
- Market activity in Sacramento remains strong for acquisition of investment and owner-user properties. Improving market conditions are forecast for the next 12-18 months.
- Minneapolis has seen strong investment activity in Class A CBD properties. Furthermore, vacancies and concession packages are expected to decrease.
- In Coastal New Jersey, high replacement costs for new buildings and lack of new supply are driving buy-side economics. Significant activity and interest in office building purchases are evident throughout the market, as rents are expected to grow in the next 18-24 months.
- The Fort Worth CBD continues to have a very high level of occupancy due to corporate expansion and conversion of older buildings to residential use.
- Despite sluggish absorption, job growth is above average and rents are on the rise in Washington, D.C. The area is expected to remain a premier investment market.
- In Los Angeles, absorption rates have recently been higher than new construction rates. Rent increases are expected to continue into 2007 and tenants are opting for longer lease terms to lock in rates. Many tenants are expecting fewer concessions. In the near future, the market is expected to remain strong with stable vacancy and solid rent gains.

FIGURE 17

CAP RATE TRENDS—CBD OFFICE

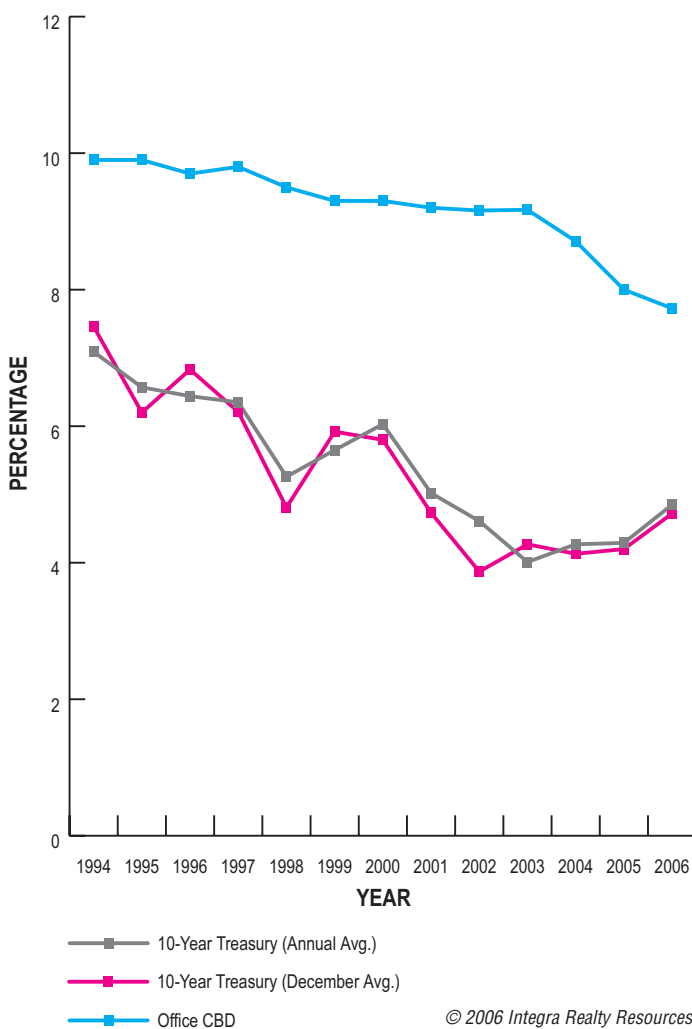


TABLE 18

OFFICE MARKET CONDITIONS AND FORECASTS: Central Business District

MARKET AREA	INVENTORY ¹ (SQ. FT.)	VACANCY RATE ¹ (%)	VACANCY ¹ (SQ. FT.)	AVG ANNUAL NET ABSORP. 2003-2006 ¹ (SQ. FT.)	TOTAL UNDER CONST. 2007-2010 ¹ (SQ. FT.)	FORECAST AVG ANNUAL NET ABSORP. 2007-2009 ¹ (SQ. FT.)	TOTAL VALUE CHANGE 2003-2006 (%)	FORECAST TOTAL VALUE CHANGE 2007-2008 (%)	EST. YEARS TO BALANCE
Atlanta, GA	15,923,000	18.90	3,009,447	-190,250	2,390,000	656,000	-0.50	4.00	6
Austin, TX	8,700,000	18.00	1,566,000	500,000	1,600,000	500,000	20.00	20.00	2
Baltimore, MD	18,325,718	12.10	2,217,412	91,805	1,038,300	137,000	13.00	6.00	4
Boise, ID	5,582,974	8.52	475,669	0	60,000	75,000	16.00	5.00	2.6
Boston, MA	60,000,000	14.00	8,400,000	700,000	2,950,000	933,333	20.00	20.00	2
Charlotte, NC	14,143,000	6.10	862,723	103,000	3,047,000	333,333	6.00	6.00	0
Chicago, IL	119,974,902	14.20	17,036,436	-228,051	2,815,000	2,113,000	8.00	6.00	5
Cincinnati, OH	13,000,000	15.00	1,950,000	-100,000	400,000	100,000	4.00	4.00	5
<i>Cleveland, OH</i>	<i>19,182,000</i>	<i>20.60</i>	<i>3,951,492</i>	<i>-329,000</i>	<i>0</i>	<i>321,333</i>	-	-	-
Columbia, SC	5,220,000	12.50	652,500	120,000	300,000	100,000	3.00	0.00	6
Columbus, OH	9,448,000	18.00	1,700,640	221,000	350,000	125,000	2.00	4.00	8
Dallas, TX	34,604,042	21.30	7,370,661	-28,107	425,000	390,000	5.00	6.00	3
Dayton, OH	7,368,330	22.00	1,621,033	-74,500	0	0	4.00	0.00	8
Denver, CO	23,278,401	16.10	3,747,823	169,486	0	400,000	24.00	6.00	6
Detroit, MI	12,500,000	23.00	2,875,000	65,000	421,700	272,500	4.00	4.00	4
Fort Worth, TX	11,933,213	5.00	596,661	-126,466	300,000	97,333	20.00	10.00	0
Greenville, SC	3,150,000	12.75	401,625	50,000	200,000	75,000	6.00	4.00	5
Hartford, CT	8,048,000	22.90	1,842,992	125,000	0	64,667	5.00	0.00	5
Houston, TX	43,635,000	18.00	7,910,000	329,000	194,000	-	10.00	6.00	4
Indianapolis, IN	10,398,000	15.10	1,570,098	30,000	300,000	-6,000	5.00	4.00	3
Kansas City, MO/KS	13,500,000	20.00	2,700,000	250,000	400,000	166,667	30.00	20.00	5
Las Vegas, NV	3,141,253	1.70	53,401	70,000	565,000	150,000	12.00	20.00	0
Los Angeles, CA	34,715,902	12.68	4,403,498	446,315	40,000	227,000	30.00	6.00	4
Louisville, KY	10,550,000	20.00	2,110,000	124,511	500,000	416,667	1.00	2.00	1
Memphis, TN	6,913,177	16.60	1,147,587	88,744	100,000	10,000	0.00	4.00	10
Miami, FL	7,000,000	10.00	700,000	0	2,425,000	175,000	-	-	-
Minneapolis, MN	25,190,000	16.00	4,030,400	40,000	0	43,333	35.00	0.00	3
Naples/Ft. Myers, FL	3,790,238	5.90	223,624	159,907	56,660	18,887	26.00	20.00	1
Nashville, TN	6,400,000	12.00	768,000	25,000	638,000	85,000	3.00	8.00	3
New Jersey, Coastal	4,750,000	12.00	570,000	50,000	450,000	100,000	0.00	10.00	3
New Jersey, Northern	42,000,000	15.00	6,300,000	0	400,000	100,000	9.00	6.00	6
New York, NY	360,000,000	8.30	29,880,000	2,600,000	15,700,000	4,833,333	38.00	14.00	4
Oakland, CA	12,061,000	11.95	1,441,000	521,000	1,312,000	195,000	20.00	15.00	5
Orlando, FL	6,500,000	9.00	585,000	140,000	775,000	225,000	17.05	9.50	3
Philadelphia, PA	53,637,814	11.49	6,162,985	-500,000	-	-	211.00	4.00	3
Phoenix, AZ	6,000,000	12.00	660,000	135,000	800,000	200,000	50.00	3.00	0
Pittsburgh, PA	31,155,289	16.50	5,140,623	-245,130	0	-100,000	-8.00	0.00	7
Portland, OR	17,351,871	10.00	1,737,380	193,995	544,506	241,667	17.50	10.00	1.5
Providence, RI	5,890,000	9.10	533,775	102,500	350,000	116,667	9.00	6.00	3
Richmond, VA	8,500,000	16.00	1,360,000	75,000	700,000	66,667	11.00	6.00	2
Sacramento, CA	11,000,000	12.40	1,364,000	125,000	592,000	150,000	17.00	4.00	4
Salt Lake City, UT	6,582,961	9.88	650,273	697,115	1,328,000	833,333	15.00	10.00	0
San Antonio, TX	5,076,239	19.70	1,000,019	-116,122	0	97,000	15.00	10.00	5
San Diego, CA	12,300,000	11.00	1,353,000	60,000	2,075,000	480,000	32.00	11.00	3
San Francisco, CA	49,669,000	12.15	6,037,000	1,922,000	3,139,210	1,250,000	15.00	15.00	4
San Jose, CA	8,257,000	19.79	1,634,000	-184,000	916,000	341,000	10.00	17.50	6
Sarasota, FL	2,250,000	6.70	150,750	135,935	0	72,047	35.00	-	0
Seattle, WA	44,612,034	8.32	3,710,107	793,051	3,256,861	933,333	42.00	28.00	4
<i>St. Louis, MO</i>	<i>11,583,000</i>	<i>18.10</i>	<i>2,096,523</i>	-	<i>0</i>	<i>90,333</i>	-	-	-
Syracuse, NY	7,494,711	12.80	959,323	0	0	41,667	15.00	10.00	6
Tampa, FL	7,090,000	17.20	1,219,480	13,410	806,000	205,202	10.00	7.00	6
Tulsa, OK	8,896,877	28.20	2,508,919	-160,000	0	16,667	0.00	0.00	15
Washington, DC	125,798,844	7.18	9,032,357	2,511,372	13,819,564	2,881,667	12.50	6.25	2
Wilmington, DE	9,200,000	11.80	1,085,600	190,000	1,023,000	190,000	11.00	0.00	5
	<i>Total:</i>	<i>Simple Avg:</i>	<i>Total:</i>	<i>Total:</i>	<i>Total:</i>	<i>Total:</i>	<i>Average:</i>	<i>Average:</i>	<i>Average:</i>
	1,413,271,790	13.99	173,066,836	11,692,519	69,502,801	21,540,635	17.95	7.95	3.98
		<i>Weighted Avg:</i>							
		12.25							

¹Italicized Inventory, Vacancy, Absorption and Under Construction figures were provided by REIS, Inc. 212-921-1122.
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TABLE 19

OFFICE MARKET CONDITIONS AND FORECASTS: Suburban Market Area

MARKET AREA	INVENTORY ¹ (SQ. FT.)	VACANCY RATE ¹ (%)	VACANCY ¹ (SQ. FT.)	AVG ANNUAL NET ABSORP. 2003-2006 ¹ (SQ. FT.)	TOTAL UNDER CONSTR. 2007-2010 ¹ (SQ. FT.)	FORECAST AVG ANNUAL NET ABSORP. 2007-2009 ¹ (SQ. FT.)	TOTAL VALUE CHANGE 2003-2006 (%)	FORECAST TOTAL VALUE CHANGE 2007-2008 (%)	EST. YEARS TO BALANCE
Atlanta, GA	120,110,000	16.56	19,894,370	1,217,750	9,500,000	3,466,667	10.50	10.00	4
Austin, TX	30,200,000	10.84	3,273,500	2,530,000	3,600,000	1,166,667	10.00	20.00	1.5
Baltimore, MD	76,215,806	11.58	8,823,429	1,915,655	1,038,300	693,667	13.00	6.00	3
Boise, ID	11,769,899	11.15	1,312,578	564,000	350,000	400,000	16.00	5.00	2.5
Boston, MA	95,600,000	20.15	19,259,000	1,700,000	3,700,000	1,000,000	20.00	20.00	2
Charlotte, NC	26,563,000	17.75	4,715,793	507,000	5,543,000	916,667	6.00	6.00	3
Chicago, IL	98,837,997	15.90	15,718,551	124,212	2,138,525	2,005,333	8.00	6.00	6
Cincinnati, OH	20,185,000	19.62	3,960,300	375,000	3,000,000	650,000	5.50	5.00	3
<i>Cleveland, OH</i>	<i>16,154,000</i>	<i>17.26</i>	<i>2,788,838</i>	<i>10,000</i>	<i>654,000</i>	<i>408,333</i>	-	-	-
Columbia, SC	5,510,000	24.50	1,349,950	80,000	300,000	100,000	3.00	2.00	4
Columbus, OH	23,051,000	17.91	4,129,170	362,250	1,400,000	516,667	2.00	4.00	6
Dallas, TX	187,274,085	18.54	34,725,559	2,359,947	4,462,826	3,250,000	-5.00	3.00	3
Dayton, OH	15,267,866	11.82	1,805,186	-21,625	319,500	130,000	7.00	4.00	4
Denver, CO	62,959,914	21.79	13,717,931	1,140,826	3,433,000	1,809,667	-4.70	6.00	8
Detroit, MI	55,295,000	13.17	7,280,925	-425,000	1,688,000	872,000	6.00	7.00	5
Fort Worth, TX	43,881,391	12.33	5,408,732	477,575	407,000	183,333	11.00	10.00	5
Greenville, SC	5,450,000	15.00	817,500	125,000	875,000	250,000	2.00	4.00	6
Hartford, CT	16,621,000	13.17	2,189,534	337,800	199,000	85,000	20.00	10.00	5
Houston, TX	179,668,311	13.51	24,279,500	145,000	768,000	3,066,000	8.00	6.00	4
Indianapolis, IN	19,336,000	17.45	3,373,684	211,000	774,000	526,667	6.50	5.00	3
Kansas City, MO/KS	30,600,000	15.73	4,813,000	525,000	1,000,000	400,000	10.00	8.00	5
Las Vegas, NV	36,130,540	10.10	3,650,692	1,580,000	10,500,000	3,000,000	30.00	30.00	2
Long Island, NY	44,000,000	10.60	4,664,000	350,000	1,800,000	533,333	17.00	10.00	4
Los Angeles, CA	138,504,504	9.92	13,735,617	1,228,196	10,735,000	2,326,333	30.00	8.00	2
Louisville, KY	13,195,000	16.44	2,169,355	133,904	1,000,000	350,000	3.00	4.00	2.5
Memphis, TN	25,634,813	15.24	3,907,863	85,088	600,000	500,000	10.00	20.00	4
Miami, FL	33,700,000	8.91	3,002,000	-	1,000,000	500,000	27.50	10.00	-
Minneapolis, MN	39,771,000	18.04	7,174,380	339,250	1,900,000	1,600,000	35.00	0.00	2
Naples/Ft. Myers, FL	10,560,243	13.14	1,387,961	750,258	1,600,000	260,000	26.00	20.00	1
Nashville, TN	20,535,000	10.29	2,112,875	300,500	4,000,000	866,667	14.00	10.00	2
New Jersey, Coastal	19,525,000	9.71	1,895,000	425,000	750,000	200,000	0.00	16.00	2
New Jersey, Northern	243,500,000	14.55	35,425,000	1,000,000	17,300,000	1,266,667	10.00	10.00	5
Oakland, CA	45,601,000	13.77	6,281,000	526,000	2,484,000	896,667	20.00	10.00	6
Orange County, CA	129,552,888	7.20	9,323,041	2,149,250	10,530,000	1,860,333	31.00	10.00	2
Orlando, FL	24,615,000	8.76	2,155,150	744,000	2,550,000	616,667	12.00	6.85	4
Philadelphia, PA	121,625,819	14.48	17,606,803	2,066,885	6,294,000	1,361,333	6.00	6.00	2
Phoenix, AZ	61,350,000	0.12	7,453,000	2,437,500	7,500,000	3,066,667	50.00	3.00	0
Pittsburgh, PA	67,381,602	14.18	9,556,075	682,332	360,000	253,333	3.00	5.00	3
Portland, OR	24,670,180	13.18	3,251,685	871,769	1,112,783	700,000	17.50	7.50	2.5
Providence, RI	5,500,000	9.00	495,000	45,000	390,000	111,667	15.00	8.00	3
Richmond, VA	18,125,000	9.36	1,696,500	78,000	675,000	383,333	11.00	6.00	3
Sacramento, CA	37,375,000	13.23	4,944,500	915,000	5,100,000	1,300,000	17.00	4.00	3
Salt Lake City, UT	20,734,025	11.25	2,332,523	919,659	1,447,000	800,000	15.00	10.00	2
San Antonio, TX	20,671,000	14.40	2,976,624	304,000	875,370	780,667	15.00	10.00	3.5
San Diego, CA	83,830,000	10.17	8,524,200	1,720,000	2,650,000	906,667	27.00	10.00	2
San Francisco, CA	73,000,000	13.95	10,182,000	2,083,000	2,011,000	1,123,667	12.50	10.00	6
San Jose, CA	58,577,000	11.27	6,599,000	2,682,000	2,303,000	1,128,667	10.00	17.50	4
Sarasota, FL	4,880,000	19.94	972,960	310,000	417,540	116,707	35.00	-	2
Seattle, WA	55,159,311	10.45	5,761,397	855,430	5,435,886	1,283,333	35.00	24.00	6
<i>St. Louis, MO</i>	<i>32,806,000</i>	<i>14.80</i>	<i>4,856,694</i>	<i>179,750</i>	<i>2,032,000</i>	<i>855,333</i>	-	-	-
Syracuse, NY	5,308,248	16.40	870,553	-48,888	0	25,000	15.00	10.00	15
Tampa, FL	35,243,340	10.29	3,627,613	1,594,095	1,075,332	177,246	16.00	9.00	2
Tulsa, OK	11,428,697	14.21	1,623,679	196,000	210,000	200,000	10.00	10.00	4
Washington, DC	252,695,736	9.96	25,160,007	6,739,660	89,706,175	4,185,000	7.50	5.25	5
Wilmington, DE	14,900,000	10.52	1,567,500	306,000	586,500	233,333	13.00	3.00	3
<i>Total:</i>	<i>2,970,636,215</i>	<i>Simple Avg: 13.74</i>	<i>400,579,278</i>	<i>Total: 48,810,028</i>	<i>Total: 242,080,737</i>	<i>Total: 55,665,286</i>	<i>Average: 14.17</i>	<i>Average: 9.04</i>	<i>Average: 3.70</i>
		<i>Weighted Avg: 13.48</i>							

¹Italicized Inventory, Vacancy, Absorption and Under Construction figures were provided by REIS, Inc. 212-921-1122.
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SUBURBAN OFFICE BY THE NUMBERS

- Capitalization rates continue to fall, decreasing from last year's 8.02% to this year's 7.62% with a range from 6.0% to 9.1%.
- Last year 25.5% projected cap rates to decline and 9.8% projected cap rates to increase. Tides have changed as 27.3% project cap rates to increase and 1.8% project a decrease.
- The discount rate average continues to decrease with a drop to 9.12% from last year's 9.7%.

Vacancy rates continued to move downward, with a weighted average of 13.48%, as compared to 14.53% a year ago, and 16.25% two years ago. Although still far from the 8.6% of six years ago, this is a welcome downward shift. Inventory levels increased from last year's 2.8 billion square feet to nearly 3.0 billion square feet.

In the development pipeline for 2007-2010 is roughly 242 million square feet; this significantly exceeds the 129 million square feet in the pipeline last year. This indicates that investors are more optimistic about the future of the suburban office market. This is almost equal to the 246 million square foot development pipeline reported in *Viewpoint 2001* which gave an indication of the pre-9/11 market.

The estimated years to balance has decreased slightly from 3.85 last year to this year's projection of 3.70 years.

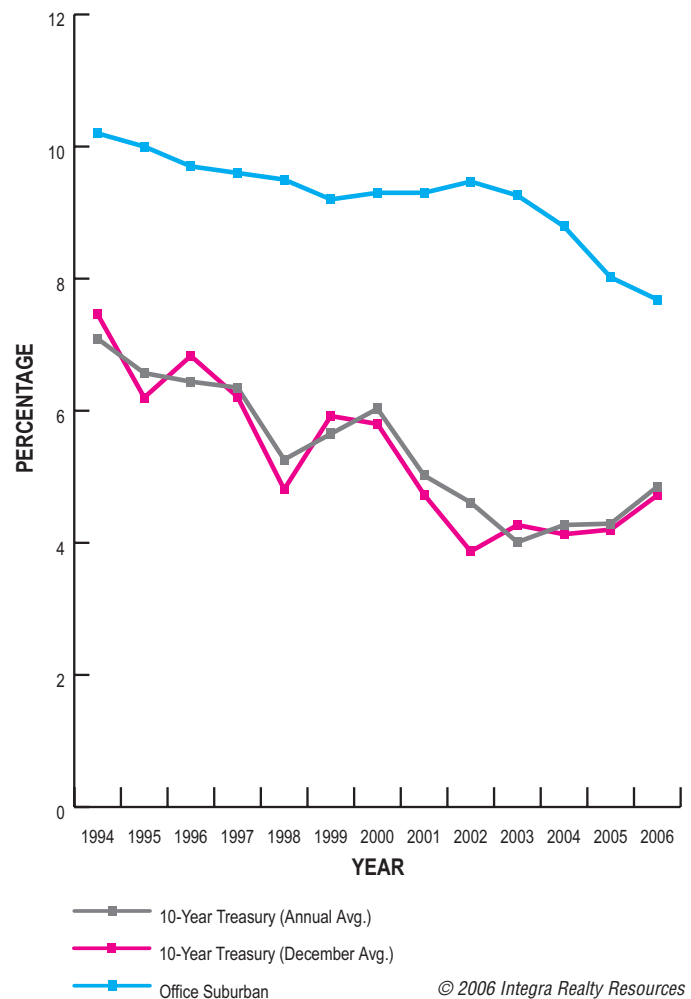
QUICK MARKET GLANCE

- Cap rate and discount rate ranks in 2005 were 8th and 9th place, respectively. Ranks in 2006 jump to 6th place for cap rates, but remain at 9th place for discount rates.
- New construction in Cincinnati's suburban markets will add significantly to the existing inventory, and assuming continued positive absorption, increasing rental rates can be expected.
- Dayton has experienced a strong market for professional and medical office condominiums.
- Memphis experienced two Fortune 500 company relocations in 2006, International Paper Company and Service Master, Inc. Both will occupy space in the suburban market.
- As vacancies decrease in suburban Richmond markets, speculative construction has resumed.
- The Austin market continues to show recovery with speculative construction in selective markets.

- The hot product in Orange County has been small owner-user buildings. Additionally, rents spiked in 2006 and are expected to continue to rise over the next year.
- While the Tampa CBD market has lost momentum and is currently driven by owner-occupancy, the suburban market is gaining momentum

FIGURE 20

CAP RATE TRENDS—SUBURBAN OFFICE



PROPERTY SECTOR CYCLES

Retail

RETAIL BY THE NUMBERS

- Regional mall capitalization rates continue to decrease. The average cap rate in 2006 was 7.02%, down from last year's 7.28% and the previous year's 7.98%.
- Regional mall discount rates also fell to 8.48% from last year's 9.0% and the previous year's 9.9% average.
- The community center capitalization rate averages also declined to 7.2% from 7.59% last year and 8.29% the previous year.

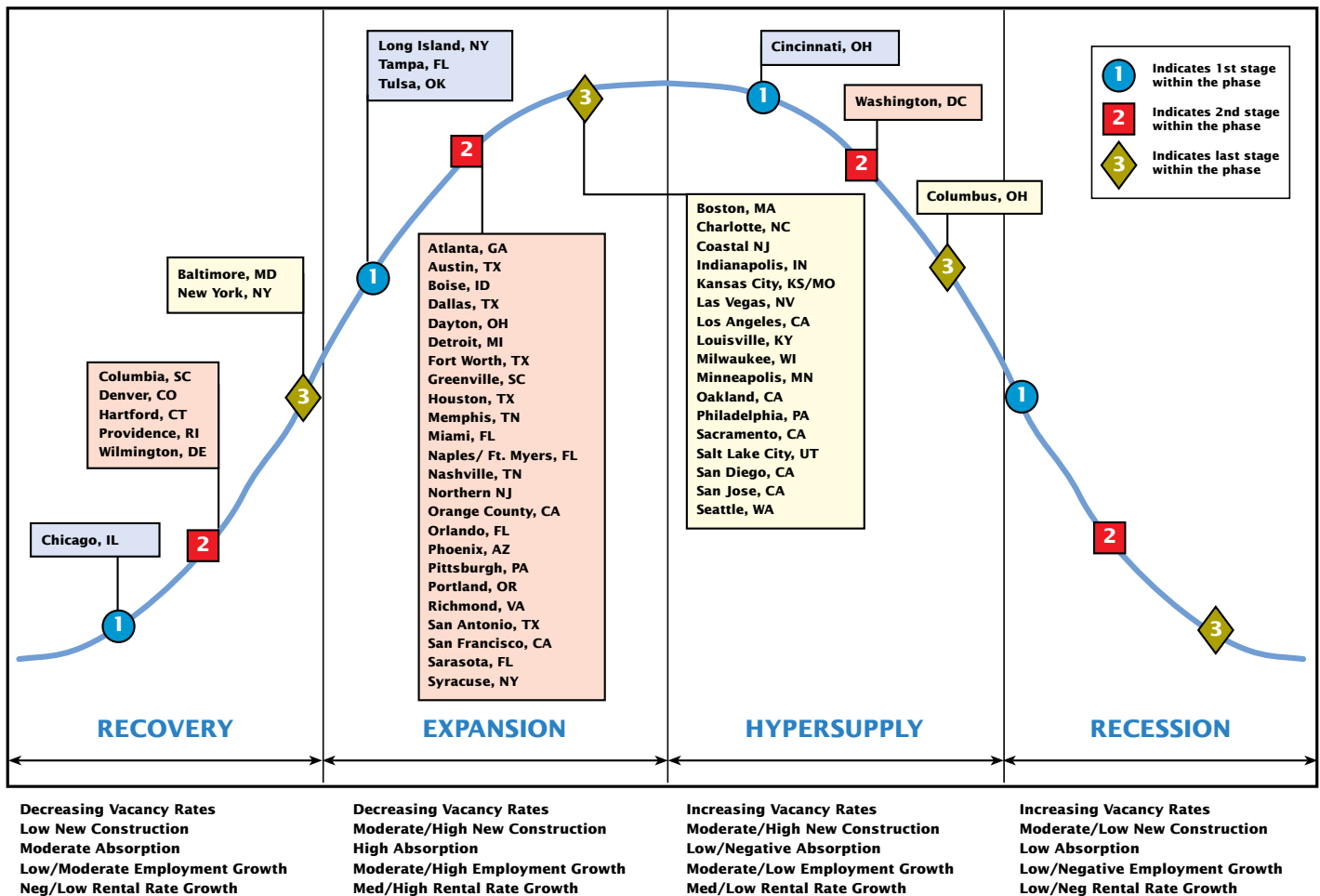
- The community center discount rate average fell from last year's 9.3% to this year's 8.64% average.
- The downward trend continues with the neighborhood strip capitalization rate average dropping to 7.23% from last year's 7.69%.
- The discount rate average for neighborhood strip center category moved down also, decreasing to 8.81% from last year's average of 9.3%.

Retail inventory totals approximately 2.66 billion square feet and the vacancy rate was 6.87%, a drop from last year's 7.15%. Mall vacancy rates continue to increase — this year's rate is 8.29%, last year's was 6.87% and the previous year's was 6.37%.

It is expected to take 1.75 years to reach a balance in this sector, an increase from last year's estimate of 1.42 years to balance. It is estimated that 195 million square feet are in the development pipeline for 2007-2010, an increase of nearly 10 million square feet over the last year.

FIGURE 21

RETAIL MARKET CYCLE



City data compiled using the following sources: IRR Surveys and REIS
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TABLE 22

RETAIL MARKET CONDITIONS AND FORECASTS: Central Business Districts and Suburban Market Areas

MARKET AREA	INVENTORY ¹ (SQ. FT.)	VACANCY RATE ² (%)	VACANCY ¹ (SQ. FT.)	MALL VACANCY RATE (%)	AVG ANNUAL NET ABSORP. 2003-2006 ¹ (SQ. FT.)	TOTAL UNDER CONST. 2007-2010 ¹ (SQ. FT.)	FORECAST AVG ANNUAL NET ABSORP. 2007-2009 ¹ (SQ. FT.)	TOTAL VALUE CHANGE 2003-2006 ¹ (%)	FORECAST TOTAL VALUE CHANGE 2007-2008 (%)	EST. YEARS TO BALANCE	GAFO SALES PER HOUSEHOLD ³ (\$)	GLA Per Capita ³ 2006
Atlanta, GA	73,510,000	8.45	6,214,140	-	1,162,000	4,600,000	1,066,667	20.00	6.00	1	20,273	27.09
Austin, TX	20,330,000	6.23	1,266,400	6.00	1,240,000	4,800,000	1,200,000	10.00	10.00	0	19,490	22.16
Baltimore, MD	60,023,105	4.09	2,456,844	6.00	-295,380	375,200	302,667	19.00	8.00	0	15,882	21.67
Boise, ID	14,343,451	8.14	1,167,322	3.00	324,000	-	500,000	17.00	5.00	2	17,412	-
Boston, MA (3)	149,000,000	5.45	8,120,000	5.00	1,700,000	8,000,000	2,000,000	25.00	10.00	0	20,890	13.73
Charlotte, NC	30,006,000	5.39	1,616,244	2.10	1,457,000	8,382,000	2,583,333	9.00	5.00	0	16,856	28.07
Chicago, IL	114,484,243	7.69	8,805,099	6.40	1,517,693	9,335,939	973,333	9.00	6.00	6	19,087	17.56
Cincinnati, OH	45,300,000	9.44	4,276,250	10.00	370,000	3,500,000	916,667	9.00	5.00	2	17,733	19.69
<i>Cleveland, OH</i>	<i>22,838,000</i>	<i>7.20</i>	<i>1,644,336</i>	<i>-</i>	<i>361,750</i>	<i>1,111,000</i>	<i>226,667</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>18,159</i>	<i>20.83</i>
Columbia, SC	10,400,000	9.00	936,000	6.00	150,000	1,025,000	250,000	12.00	7.00	2	15,207	20.28
Columbus, OH	48,700,000	14.49	7,054,600	13.00	804,500	2,800,000	566,667	10.00	-7.00	11	18,664	23.22
Dallas, TX	151,990,664	9.39	14,273,610	-	1,193,150	10,829,806	1,438,800	15.00	5.00	3.5	20,183	23.37
Dayton, OH	15,668,000	13.51	2,117,282	10.00	-225,000	325,000	83,333	9.00	4.00	2	17,204	23.70
Denver, CO	83,297,829	6.11	5,092,593	6.73	2,464,014	2,165,000	491,667	-1.00	6.00	3	19,300	29.86
Detroit, MI	55,300,000	7.54	4,169,400	6.00	682,500	1,220,000	403,333	7.00	4.00	5	15,531	14.78
Fort Worth, TX	81,305,465	9.07	7,374,284	-	917,852	6,856,695	822,195	9.00	5.00	3.5	20,183	23.37
Greenville, SC	26,450,000	13.00	3,438,500	12.00	170,000	600,000	180,000	11.00	7.00	8	15,211	-
Hartford, CT	14,101,000	8.11	1,144,259	8.00	304,333	948,513	200,000	15.00	0.00	3	15,713	19.32
Houston, TX	21,400,000	13.00	2,720,000	5.00	331,667	4,280,000	1,101,667	15.00	10.00	3	17,759	19.75
Indianapolis, IN	62,552,593	11.84	7,406,451	5.00	272,685	2,790,000	341,667	12.00	10.00	7	18,135	21.88
Kansas City, MO/KS	35,700,000	9.78	3,493,000	10.00	1,175,000	1,600,000	300,000	15.00	6.00	5	16,257	25.00
Las Vegas, NV	43,342,692	2.74	1,185,673	3.00	2,500,000	14,700,000	2,266,667	40.00	20.00	0	21,864	23.73
Long Island, NY	28,000,000	4.50	1,260,000	4.00	700,000	3,100,000	833,333	17.00	11.00	0	16,475	9.93
Los Angeles, CA	60,658,000	2.83	1,716,261	3.00	947,250	4,194,000	801,333	13.00	8.00	0	18,758	14.54
Louisville, KY	16,576,650	9.54	1,581,395	10.00	89,051	1,400,000	316,667	2.00	4.00	0	14,135	15.58
Memphis, TN	48,429,449	8.97	4,343,721	7.60	545,832	1,850,000	400,000	25.00	10.00	3	16,648	21.94
Miami, FL	26,211,163	3.42	895,485	4.00	-	1,546,000	275,667	25.00	6.50	-	17,263	23.05
Minneapolis, MN	60,250,000	5.30	3,195,000	5.50	740,000	1,650,000	350,000	30.00	6.00	0	19,451	16.10
Naples/Ft. Myers, FL	27,052,736	6.88	1,860,622	97.00	1,091,933	6,974,430	1,833,333	36.00	24.00	1	16,584	27.09
Nashville, TN	25,620,000	5.54	1,418,700	8.00	260,000	4,350,000	500,000	14.00	10.00	1	15,865	19.62
New Jersey, Coastal	42,100,000	3.95	1,662,200	6.00	2,075,000	2,000,000	733,333	33.50	10.00	0	20,848	24.30
New Jersey, Northern	49,900,000	6.11	3,048,000	5.50	1,600,000	8,100,000	2,000,000	18.00	8.00	0	16,475	9.93
Oakland, CA	55,201,000	4.92	2,717,000	5.00	644,000	1,039,000	207,333	25.00	-	-	18,932	15.15
Orange County, CA	86,254,174	3.71	3,204,158	0.70	266,857	2,516,000	444,667	24.00	12.50	0	18,758	14.54
Orlando, FL	30,035,428	5.02	1,509,271	-	520,920	2,631,699	260,500	15.50	11.75	1	20,723	26.31
Philadelphia, PA	58,861,000	6.57	3,869,461	8.00	905,665	4,580,000	1,086,333	13.00	7.00	1	15,561	19.52
Phoenix, AZ	115,385,000	7.50	8,650,000	4.00	5,355,000	19,000,000	4,666,667	50.00	20.00	0	15,436	27.43
Pittsburgh, PA	77,900,000	6.99	5,446,800	5.00	0	1,830,000	-	7.50	5.00	0	15,626	20.81
Portland, OR	39,635,484	4.80	1,888,567	-	327,118	1,426,116	1,500,000	11.00	10.00	0	15,943	15.61
Providence, RI	20,000,000	7.50	1,500,000	9.00	8,000	500,000	106,667	9.00	5.00	2	14,335	16.58
Richmond, VA	49,450,000	6.78	3,351,460	4.00	-113,500	1,300,000	400,000	17.00	6.00	0	15,929	22.00
Sacramento, CA	33,680,000	5.09	1,714,250	8.00	1,325,000	4,200,000	1,033,333	28.00	3.00	0	14,819	17.45
Salt Lake City, UT	26,699,223	11.31	3,021,000	20.00	435,500	2,200,000	350,000	30.00	6.00	3	22,301	19.19
San Antonio, TX	39,359,538	10.50	4,132,751	7.60	786,250	2,161,000	825,333	15.00	10.00	1	15,899	19.79
San Diego, CA	91,240,000	2.94	2,678,450	2.20	1,235,000	1,400,000	250,000	17.30	10.00	0	18,372	20.18
San Francisco, CA	34,406,000	9.34	3,213,000	3.00	107,000	783,000	152,000	35.00	-	-	18,932	15.15
San Jose, CA	43,145,000	5.41	2,333,000	3.00	157,000	-	162,667	30.00	-	-	24,589	18.35
Sarasota, FL	22,836,180	7.80	1,781,222	-	1,577,974	47,000	75,000	23.00	12.00	1	13,614	23.45
Seattle, WA	42,846,411	3.08	1,319,720	3.03	508,981	2,289,604	966,667	24.00	3.00	0	21,948	13.97
<i>St. Louis, MO</i>	<i>26,468,000</i>	<i>9.80</i>	<i>2,593,864</i>	<i>-</i>	<i>408,000</i>	<i>1,516,000</i>	<i>369,333</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>16,232</i>	<i>21.35</i>
Syracuse, NY	11,798,503	11.75	1,386,324	10.00	13,681	1,460,000	486,667	15.00	6.00	0	16,161	19.20
Tampa, FL	48,800,000	6.39	3,116,300	5.00	387,910	9,650,460	281,333	30.00	20.00	0	14,649	21.40
Tulsa, OK	17,507,141	8.71	1,524,250	5.37	0	1,600,000	1,033,333	15.00	15.00	3	14,407	20.63
Washington, DC	109,714,910	3.10	3,400,051	6.00	770,716	7,618,876	596,333	14.00	7.00	0	16,848	22.36
Wilmington, DE	16,900,000	9.60	1,622,400	7.00	-235,000	20,000	200,000	15.00	6.00	2	-	-
<i>Total:</i>	<i>2,662,964,032</i>	<i>7.37</i>	<i>182,926,970</i>	<i>Average:</i>	<i>42,018,901</i>	<i>195,177,338</i>	<i>41,713,161</i>	<i>18.18</i>	<i>8.10</i>	<i>1.75</i>		<i>National Avg</i> <i>20.22</i>
	<i>Weighted Avg:</i>	<i>6.87</i>										

Note 1: Italicized inventory, vacancy, absorption and under construction figures were provided by REIS, Inc. 212-921-1122.

Note 2: GAFO Sales per Household provided by Claritas Data Services. 1-800-234-5973.

Note 3: The values for Boston include the Eastern Massachusetts market.

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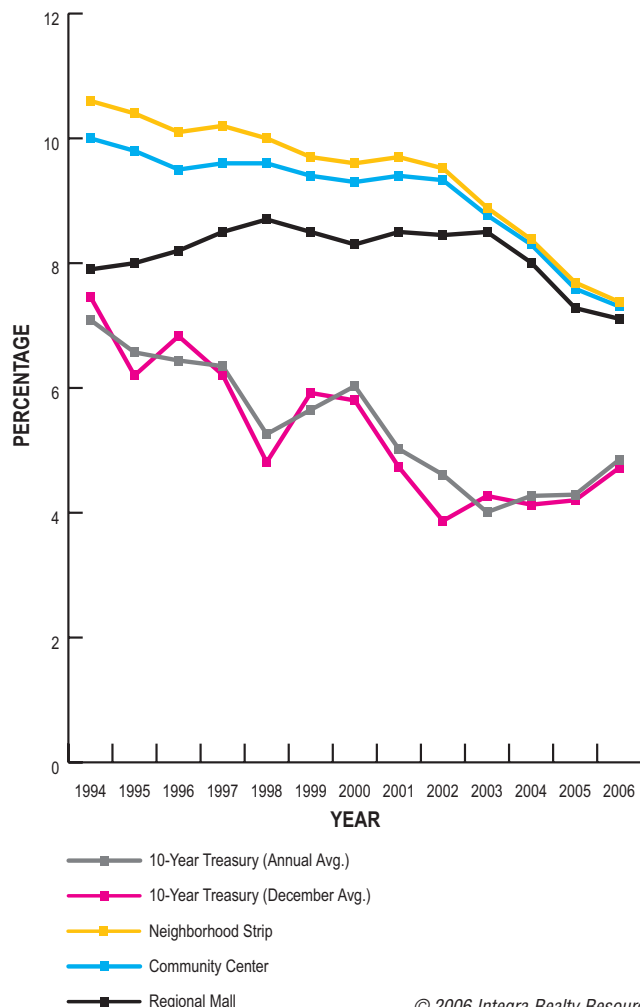
QUICK MARKET GLANCE

- Regional, community and neighborhood malls each retain their spots in the cap and discount rank charts. Regional malls are again in the 3rd spot in both the cap rate ranking chart and the discount rate chart. Community centers maintain 4th place in both, and neighborhood strips hold 5th place in both.
- Capitalization rates range from a low of 5.5% for a regional mall to a high of 9.0% for a community center.
- Two regional malls currently under construction will increase retail supply by 10% in Naples.
- The retail market in Tampa remains strong. Significant suburban residential growth has generated demand for retail expansion. Additionally, the redevelopment of infill retail has been well accepted.

- Given the low amount of retail space per capita relative to national averages, Portland is experiencing strong immigration of national retailers who previously had not located there.
- The Boise retail sector remains strong, with rents taking a significant jump over the last several years.
- Construction is underway in San Antonio on three large shopping centers with a combined 3.5 million square feet. Additionally, a mall is to be redeveloped into a 1 million square foot retail/entertainment center.
- The Orlando retail market is projected to grow in the short and long term. The expansion is driven by job growth, increasing population and expanding tourism.
- The urban redevelopment of rental apartments and condominium apartments in Miami has increased demand for the emerging mixed-use concept, as well as vertical lifestyle retail developments in the urban core.
- Several regional centers in Seattle have begun expansion projects. Additionally, three major community centers are underway and there is a trend toward suburban downtown redevelopment.
- A trend underway in Los Angeles is the development of major mixed-use projects in areas with strong demographics. Plans have been unveiled for an investment of \$1 billion in new retail and mixed-use projects throughout Southern California. These projects are expected to generate \$80 million annually in new taxes as well as 11,000 construction jobs and 8,000 permanent jobs.
- The International Council of Shopping Centers (ICSC) reported that same-store sales for the nation's chain stores are up 3.9% for the year.

FIGURE 23

CAP RATE TRENDS—RETAIL



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PROPERTY SECTOR CYCLES

Apartment

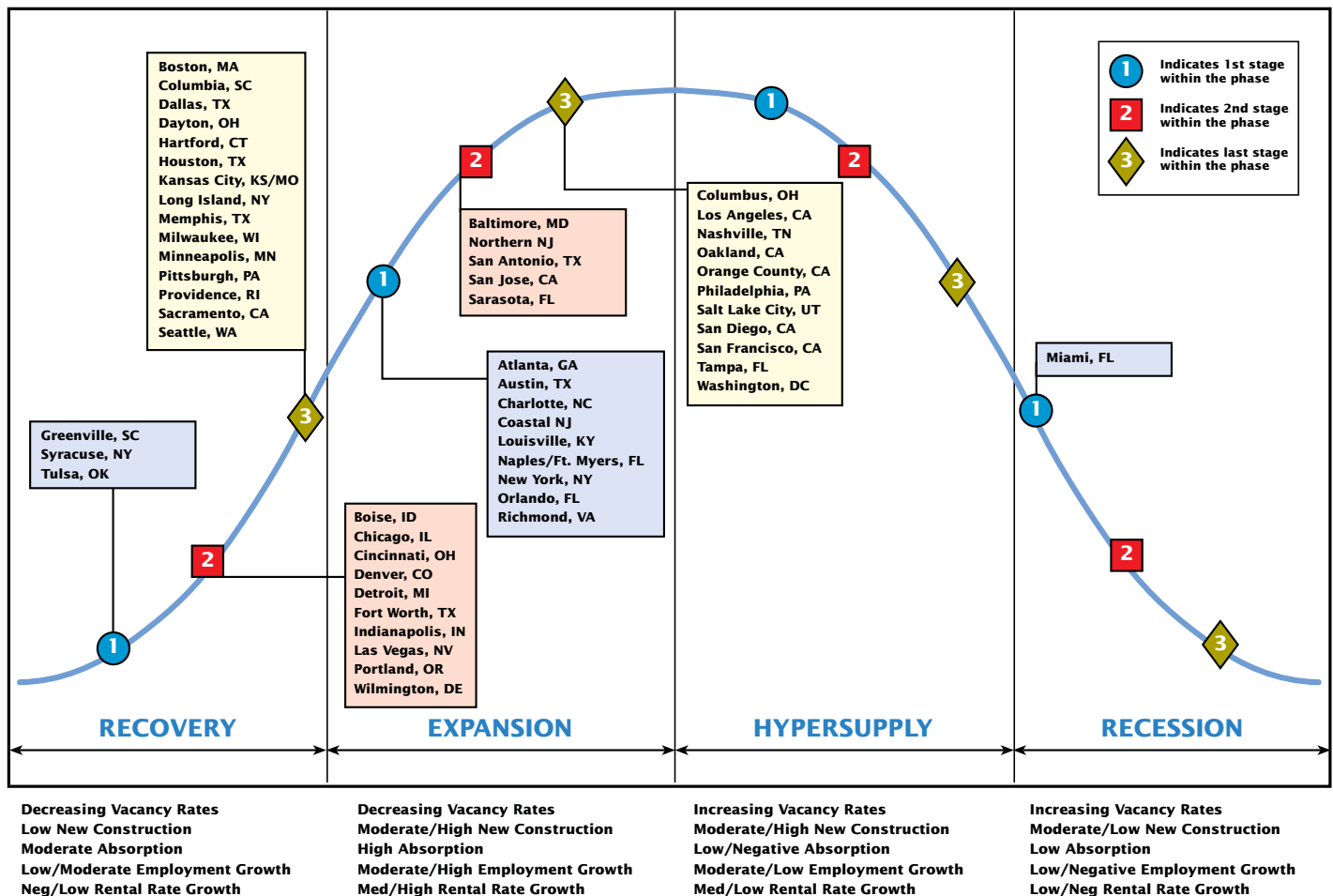
APARTMENTS BY THE NUMBERS

- The urban multifamily capitalization rate average decreased yet again with this year's 6.70%, slightly lower than last year's average of 7.03%.
- The capitalization rate average for suburban multifamily also continues to drop and is now 6.44% as compared with last year's 6.74%.

- Again, the decreasing cap rates are good news for these two property sectors, and they continue to hold the top two spots in the cap rate ranks with suburban multifamily again in the first position.
- However, the percentage of those surveyed who expect capitalization rates to continue to decrease for urban multifamily is significantly less than last year's 22.9% — the figure is now 5.7%. The same trend is evident in suburban cap rates. Last year 25.5% projected a decrease, as compared to 1.8% this year.
- Suburban multifamily discount rate average is 8.27%, another significant decrease from years past — last year it was 8.8% and the previous year it was 9.7%.
- Of those surveyed, 33.3% project urban multifamily discount rates to rise, and 39.3% project suburban multifamily discount rates to rise. This is a substantial increase over last year's projections of 12.5% and 13.7%, respectively.

FIGURE 24

APARTMENT MARKET CYCLE



City data compiled using the following sources: IRR Surveys AND REIS
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TABLE 25

APARTMENT MARKET CONDITIONS AND FORECASTS: Central Business Districts and Suburban Market Areas

MARKET AREA	INVENTORY ¹ (UNITS)	VACANCY RATE ¹ (%)	VACANCY ¹ (UNITS)	AVG ANNUAL NET ABSORP. 2003-2006 ¹ (UNITS)	TOTAL UNDER CONST. 2007-2010 ¹ (UNITS)	FORECAST AVG ANNUAL NET ABSORP. 2007-2009 ¹ (UNITS)	TOTAL VALUE CHANGE 2003-2006 (%)	FORECAST TOTAL VALUE CHANGE 2007-2008 (%)	EST. YEARS TO BALANCE
Atlanta, GA	353,000	8.02	28,316	5,040	13,250	3,433	10.00	8.00	1
Austin, TX	138,100	6.14	8,479	4,740	20,000	5,000	17.00	12.00	0
Baltimore, MD	129,338	4.37	5,650	511	191	1,267	18.00	6.00	-
Boise, ID	27,000	8.70	2,349	500	-	500	20.00	5.00	1
Boston, MA	195,000	4.90	9,560	1,450	6,000	1,500	25.00	10.00	0
Charlotte, NC	77,000	6.83	5,262	2,195	12,485	2,000	6.00	8.00	0
Chicago, IL	444,077	5.25	23,321	-2,922	373	1,133	3.00	4.00	1
Cincinnati, OH	107,025	8.39	8,977	505	900	250	6.00	5.00	2
<i>Cleveland, OH</i>	<i>110,258</i>	<i>6.00</i>	<i>6,615</i>	<i>444</i>	<i>2,001</i>	<i>635</i>	-	-	-
Columbia, SC	28,500	8.00	2,280	750	3,200	417	14.00	8.00	2
Columbus, OH	119,121	8.20	9,766	248	3,374	664	1.50	4.00	0
Dallas, TX	372,190	8.07	30,029	3,196	11,800	3,600	11.00	8.00	-
Dayton, OH	32,717	8.75	2,862	-90	2,021	374	8.00	4.00	2
Denver, CO	279,213	8.01	22,365	5,395	8,718	2,393	19.00	6.00	4
Detroit, MI	188,000	7.17	13,475	1,009	3,800	1,467	7.00	5.00	3
Fort Worth, TX	144,507	8.70	12,574	664	4,664	553	0.00	4.00	8.6
Greenville, SC	30,250	9.00	2,723	250	2,700	500	7.00	8.00	3
Hartford, CT	75,000	4.81	3,607	-435	684	133	15.00	5.00	3
Houston, TX	533,425	9.26	49,392	13,913	17,500	5,467	15.00	6.00	1
Indianapolis, IN	106,600	9.78	10,423	735	3,350	950	1.45	2.00	3
Kansas City, MO/KS	117,300	7.36	8,635	2,940	2,213	1,700	18.00	6.00	3
Las Vegas, NV	136,782	3.34	4,573	-1,650	8,500	1,167	50.00	20.00	0
Long Island, NY	24,000	3.80	912	500	1,750	400	18.00	9.00	0
Los Angeles, CA	738,624	3.04	22,445	2,336	22,247	2,470	40.00	3.00	0
Louisville, KY	42,757	6.71	2,869	-	2,800	800	4.00	4.00	0
Memphis, TN	62,886	10.99	6,913	286	3,500	850	3.00	2.00	2
Miami, FL	235,243	3.70	8,706	-10,555	7,002	-	40.00	-	-
Minneapolis, MN	152,176	5.70	8,674	540	5,140	1,433	13.00	8.00	1
Naples/Ft. Myers, FL	18,360	2.00	367	152	112	112	33.00	20.00	0
Nashville, TN	65,047	6.53	4,247	1,050	10,148	2,233	15.00	10.00	1
New Jersey, Coastal	27,600	3.96	1,092	0	225	250	25.00	14.00	0
New Jersey, Northern	963,000	4.94	47,620	2,400	14,500	3,700	16.00	7.50	1
New York, NY	146,000	3.80	5,662	2,200	17,400	4,733	25.00	13.00	0
Oakland, CA	142,550	4.91	7,000	-400	5,624	1,682	38.00	14.00	0
Orange County, CA	171,088	3.65	6,248	1,489	9,416	2,686	37.00	8.00	0
Orlando, FL	116,138	4.80	5,570	-12,603	1,775	1,256	16.90	8.00	1
Philadelphia, PA	197,290	4.40	8,591	360	5,209	1,071	14.00	6.00	1
Pittsburgh, PA	84,306	7.31	6,160	181	2,633	370	15.00	6.00	0
Portland, OR	95,970	5.59	5,363	698	3,400	1,025	20.00	6.00	0
Providence, RI	25,000	4.50	1,125	100	1,014	217	26.00	10.00	3
Richmond, VA	117,380	5.09	5,977	1,763	3,100	2,033	9.00	6.00	0
Sacramento, CA	96,302	5.05	4,862	390	6,275	1,791	7.00	3.00	0
Salt Lake City, UT	78,400	6.77	5,306	6,775	2,800	2,000	10.00	5.00	1
San Antonio, TX	128,732	7.88	10,144	2,356	4,127	2,500	17.00	10.00	1
San Diego, CA	171,678	3.80	6,524	-7,590	4,527	2,500	45.00	16.00	0
San Francisco, CA	135,250	4.49	6,075	200	5,507	1,356	38.00	14.00	0
San Jose, CA	106,750	4.12	4,400	1,275	4,643	1,264	33.00	14.00	0
Sarasota, FL	16,169	3.60	581	0	392	392	25.00	20.00	-
Seattle, WA	396,558	5.62	22,267	2,314	10,821	-	41.81	5.00	1
<i>St. Louis, MO</i>	<i>119,499</i>	<i>7.90</i>	<i>9,440</i>	<i>139</i>	<i>3,752</i>	<i>794</i>	-	-	-
Syracuse, NY	17,322	4.76	825	0	-	0	13.00	6.00	0
Tampa, FL	144,973	4.20	6,096	-2,816	14,702	1,174	11.50	10.00	1
Tulsa, OK	65,300	8.00	5,224	4,000	2,050	1,000	20.00	15.00	4
Washington, DC	356,579	3.90	13,899	146	29,178	7,314	10.00	5.50	0
Wilmington, DE	-	-	-	-	-	-	21.00	6.00	-
<i>Total:</i>	9,003,330	<i>Simple Avg</i> 6.01	<i>Total:</i> 1,372,966	<i>Total:</i> 37,074	<i>Total:</i> 333,493	<i>Total:</i> 84,510	<i>Average:</i> 18.34	<i>Average:</i> 8.23	<i>Average:</i> 1.16
		<i>Weighted Avg:</i> 5.80							

¹Italicized Inventory, Vacancy, Absorption and Under Construction figures were provided by REIS, Inc. 212-921-1122.
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Vacancy rates have decreased over the last year. This year the vacancy rate is 5.80%, compared with last year's 6.04% and the previous year's 6.36%. The forecasted equilibrium is now 1.16 years, a decrease from last year's 1.27 years.

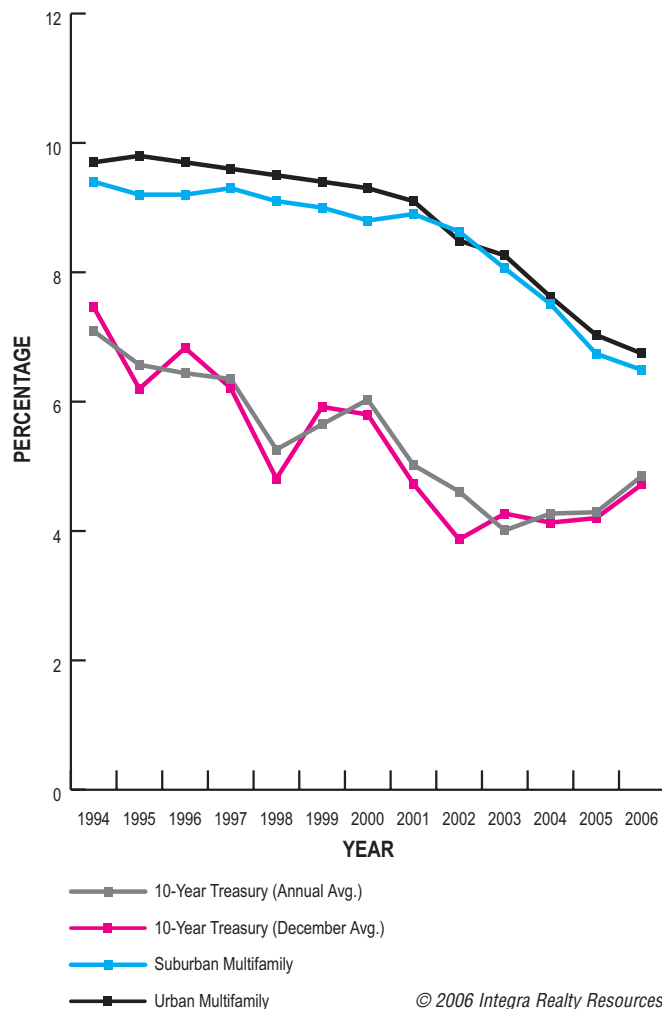
The number of apartment units planned for construction is lower than last year's figure. This year it is reported that 333,493 units are in the development pipeline and last year it was 364,204 units.

QUICK MARKET GLANCE

- Both suburban and urban multifamily were again ranked 1st and 2nd, respectively, in this year's cap rate ranks and discount rate ranks.
- The number of apartment units in the pipeline has decreased slightly since last year.
- Rising mortgage interest rates have priced some potential first time buyers out of the residential market and forced people towards apartment living.

FIGURE 26

CAP RATE TRENDS—APARTMENT



- The Seattle apartment market continues to recover and remains active. Nearly 15,000 new units are under construction or in the planning stage. Vacancy is expected to fall below 4% in 2007, and rents are expected to increase 8-10% over the same period.
- The recent relocation of several companies to Nashville has kept apartment occupancy high and rental rates on the rise.
- The apartment market in Portland has seen strong occupancy and rental rates due to increasing interest rates and quickly escalating home prices. The outlook for 2007 is positive as employment continues to grow and the housing market cools.
- Consistent with the national trend over the last several years, many apartments in Los Angeles have been converted to condominiums. This trend fueled investor money into the apartment building market. With high prices in the condo and single-family market, many home buyers have been pushed back into the apartment rental market. Residential permits in Los Angeles County are dominated by apartments, as opposed to single-family residential and condo permits.
- The Indianapolis multifamily market continues to recover, as net absorption for 2006 is substantially greater than experienced in the last three years. Rents are projected to continue to rise and vacancies are expected to decrease.
- The Orange County apartment market remains somewhat insulated from risk by exorbitant single-family prices and a chronic under-supply of affordable housing. Rents are expected to continue to rise and vacancies are projected to remain below 4%.
- The multifamily market in Salt Lake City continues to perform well. Major renovations planned for the CBD over the next three years are likely to impact vacancy rates. Plans include the addition of both affordable and market rate components.
- In Minneapolis, absorption has been slow in recent years due to significant condominium construction and conversions of existing multifamily rental buildings. That trend has recently slowed and apartments are reporting increased traffic and rentals.
- Kansas City has experienced positive net rent growth for the first time in a half decade. With concessions disappearing and vacancies down, apartment owners are upbeat about the prospects for 2007.

PROPERTY SECTOR CYCLES

Industrial

- The bulk property class followed suit with a drop in cap rates from last year's 8.13% to this year's 7.74%.
- Discount rates for all industrial property classes also decreased from last year's averages
 - manufacturing to 9.60% from 10.2%
 - office/warehouse to 9.05% from 9.6%
 - R & D to 9.18% from 9.9%
 - bulk to 9.01% from 9.7%

INDUSTRIAL BY THE NUMBERS

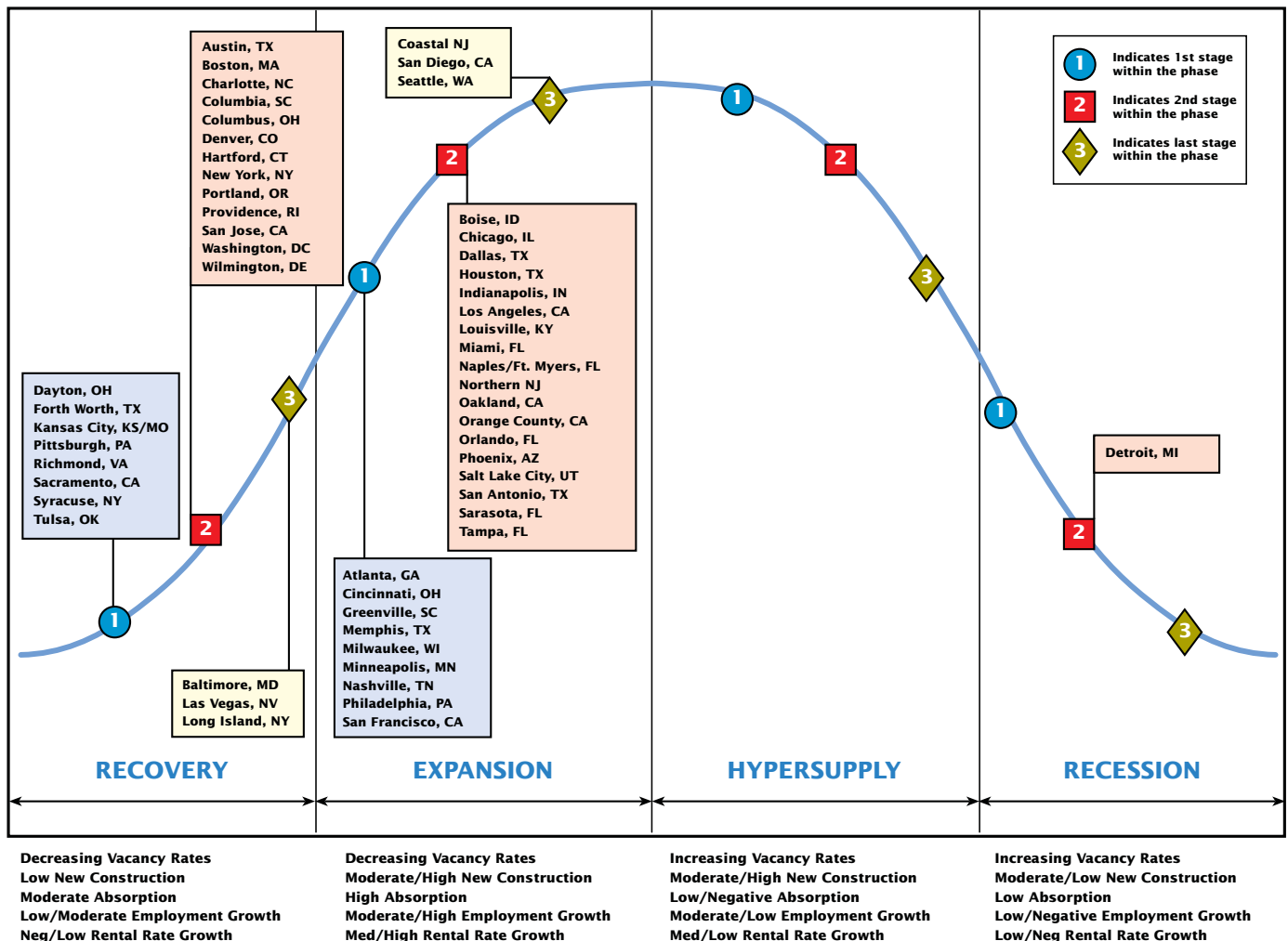
- The manufacturing capitalization rate average declined again and now stands at 8.23% as compared with 8.66% last year.
- The office/warehouse cap rate average also is falling with a decrease from last year's 8.01% to this year's average of 7.69%.
- Even R & D cap rates continue the downward trend with this year's average of 8.07%, below last year's 8.41%.

Vacancy rates in the industrial property sector show a promising downward trend with this year's 8.64% average as compared with last year's 9.08% average. However, the estimated years to balance has again increased slightly from 2.69 years to 2.88 years.

The development pipeline has seen a significant increase. Last year, 296.8 million square feet were in the pipeline, as compared to this year's 370.5 million square feet.

FIGURE 27

INDUSTRIAL MARKET CYCLE



City data compiled using the following sources: IRR Surveys and REIS
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TABLE 28

INDUSTRIAL MARKET CONDITIONS AND FORECASTS: Central Business Districts and Suburban Market Areas

MARKET AREA	INVENTORY ¹ (SQ. FT.)	VACANCY ¹ RATE (%)	VACANCY ¹ (SQ. FT.)	AVG ANNUAL NET ABSORP. 2003-2006 ¹ (SQ. FT.)	TOTAL UNDER CONSTR. 2007-2010 ¹ (SQ. FT.)	FORECAST AVG ANNUAL NET ABSORP. 2007-2009 ¹ (SQ. FT.)	TOTAL VALUE CHANGE 2003-2006 (%)	FORECAST TOTAL VALUE CHANGE 2007-2008 (%)	EST. YEARS TO BALANCE
Atlanta, GA	544,410,000	11.83	64,417,480	8,394,000	27,500,000	5,366,667	6.00	8.00	3
Austin, TX	33,000,000	14.47	4,774,000	1,100,000	1,800,000	900,000	11.00	12.00	2
Baltimore, MD	176,029,595	12.67	22,294,723	1,903,950	-	3,008,000	15.00	6.00	5
Boise, ID	26,768,166	5.59	1,497,183	478,000	-	600,000	12.00	5.00	1
Boston, MA	106,400,000	24.07	25,614,000	-475,000	2,200,000	583,333	0.00	10.00	5
Charlotte, NC	35,470,000	17.25	6,119,691	343,000	4,070,000	350,000	2.00	6.00	3
Chicago, IL	1,031,969,083	9.07	93,564,000	34,616,469	23,176,000	6,325,667	9.00	4.00	7
Cincinnati, OH	253,000,000	7.57	19,157,500	2,500,000	4,500,000	1,500,000	5.00	4.00	1
<i>Cleveland, OH</i>	<i>319,684,000</i>	<i>9.60</i>	<i>30,689,664</i>	<i>1,046,750</i>	<i>10,277,000</i>	<i>2,697,333</i>	-	-	-
Columbia, SC	30,250,000	5.50	1,663,750	600,000	1,000,000	250,000	7.00	6.00	0
Columbus, OH	188,420,000	11.02	20,769,700	1,110,250	6,390,000	1,610,000	2.00	4.00	6
Dallas, TX	457,910,253	11.17	51,148,291	3,575,736	12,241,000	2,910,000	10.00	6.00	2
Dayton, OH	68,990,000	10.78	7,436,550	-288,890	300,000	1,500,000	4.00	2.00	5
Denver, CO	177,216,430	8.35	14,795,088	448,011	7,866,000	2,376,000	16.00	6.00	4
Detroit, MI	306,900,000	13.65	41,902,000	-	5,141,250	1,768,750	-4.00	-2.00	5
Fort Worth, TX	212,713,167	9.10	19,354,554	2,278,601	8,121,000	3,023,000	5.00	8.00	4.5
Greenville, SC	87,000,000	12.00	10,440,000	1,400,000	1,550,000	1,000,000	2.00	5.00	7
Hartford, CT	68,294,000	10.31	7,043,579	880,000	0	500,000	15.00	15.00	5
Houston, TX	420,735,000	6.77	28,500,000	6,684,550	15,615,000	3,780,000	11.00	8.00	2
Indianapolis, IN	217,500,000	7.82	17,006,000	4,129,000	16,500,000	4,166,667	10.00	7.00	4
Kansas City, MO/KS	220,039,216	7.91	17,411,611	1,600,000	5,800,000	1,766,667	7.00	6.00	4
Las Vegas, NV	85,920,851	3.99	3,430,045	2,975,000	16,500,000	3,000,000	25.00	20.00	0
Long Island, NY	46,000,000	6.00	2,760,000	400,000	800,000	250,000	16.00	12.00	2
Los Angeles, CA	963,068,997	3.07	29,526,272	13,306,333	26,401,000	6,151,333	30.00	10.00	0
Louisville, KY	49,860,000	16.00	7,979,588	1,077,350	4,000,000	1,333,333	3.00	4.00	5
Memphis, TN	150,213,579	15.23	22,872,975	4,553,646	18,000,000	4,500,000	9.00	6.00	1
Miami, FL	198,029,604	3.96	7,849,844	1,423,229	2,270,416	1,740,667	25.00	10.00	0
Minneapolis, MN	110,855,000	13.38	14,827,225	1,905,000	750,000	1,000,000	17.00	0.00	2
Naples/Ft. Myers, FL	13,862,111	7.77	1,076,867	301,376	-	300,000	34.00	20.00	1
Nashville, TN	126,000,000	6.13	7,719,000	2,645,000	9,300,000	2,666,667	11.00	8.00	2
New Jersey, Coastal	34,840,000	7.08	2,466,600	700,000	600,000	191,667	32.00	20.00	1
New Jersey, Northern	702,000,000	7.20	50,500,000	2,300,000	19,600,000	4,500,000	23.00	8.00	1
Oakland, CA	238,037,000	8.62	20,523,000	158,000	7,547,000	2,155,000	22.50	10.00	5
Orange County, CA	296,242,399	4.10	12,137,568	3,998,455	10,983,000	2,441,000	35.00	12.50	0
Orlando, FL	96,909,029	4.96	4,811,364	359,052	5,699,000	1,584,333	15.50	12.25	4
Philadelphia, PA	302,413,351	11.42	34,549,383	4,619,686	10,179,000	2,776,333	7.00	4.00	5
Phoenix, AZ	253,400,000	6.39	16,180,000	7,045,000	18,000,000	5,000,000	50.00	15.00	0
Pittsburgh, PA	89,355,559	20.57	18,379,979	810,000	2,250,000	250,000	1.00	2.00	2
Portland, OR	133,042,608	7.35	9,779,937	3,277,253	3,248,911	2,916,667	9.00	6.00	1
Providence, RI	25,500,000	6.00	1,530,000	50,000	550,000	100,000	7.00	6.00	3
Richmond, VA	27,300,000	9.26	2,527,500	525,000	300,000	116,667	-5.00	0.00	4
Sacramento, CA	160,050,000	9.39	15,023,000	3,361,000	7,700,000	2,100,000	10.00	3.00	3
Salt Lake City, UT	103,683,141	6.40	6,635,721	4,399,459	3,605,000	3,666,667	25.00	10.00	1
San Antonio, TX	56,659,000	10.10	5,722,559	353,000	2,990,600	835,667	5.50	4.50	6
San Diego, CA	194,900,000	5.42	10,567,300	2,107,000	13,200,000	3,300,000	7.00	6.00	1
San Francisco, CA	80,615,000	6.28	5,064,000	570,000	1,470,000	322,333	25.00	12.00	2
San Jose, CA	216,780,000	14.03	30,424,000	-1,580,000	872,000	1,469,667	0.00	10.00	6
Sarasota, FL	24,723,851	8.50	2,101,527	237,218	262,147	71,000	35.00	10.00	-
Seattle, WA	250,525,997	6.34	15,883,050	2,924,132	7,826,547	3,500,000	23.00	10.00	0
<i>St. Louis, MO</i>	<i>193,772,000</i>	<i>7.80</i>	<i>15,114,216</i>	<i>1,295,750</i>	<i>6,937,000</i>	<i>1,843,667</i>	-	-	-
Syracuse, NY	34,255,043	9.70	3,322,673	404,812	175,000	366,667	9.00	6.00	3
Tampa, FL	74,000,000	6.96	5,150,290	3,138,430	7,000,000	2,066,667	35.00	10.00	0
Tulsa, OK	57,522,413	7.27	4,181,879	-92,926	850,000	116,667	5.00	10.00	6
Washington, DC	103,814,524	8.06	8,369,104	948,225	6,581,520	2,648,333	9.90	7.00	3
Wilmington, DE	24,800,000	11.71	2,904,000	110,000	0	300,000	11.50	5.00	4
Total:	10,501,649,967	Simple Avg 9.33	907,489,828	Total: 142,929,907	Total: 370,495,391	Total: 111,563,083	Average: 13.45	Average: 7.83	Average: 2.88
		Weighted Avg: 8.64							

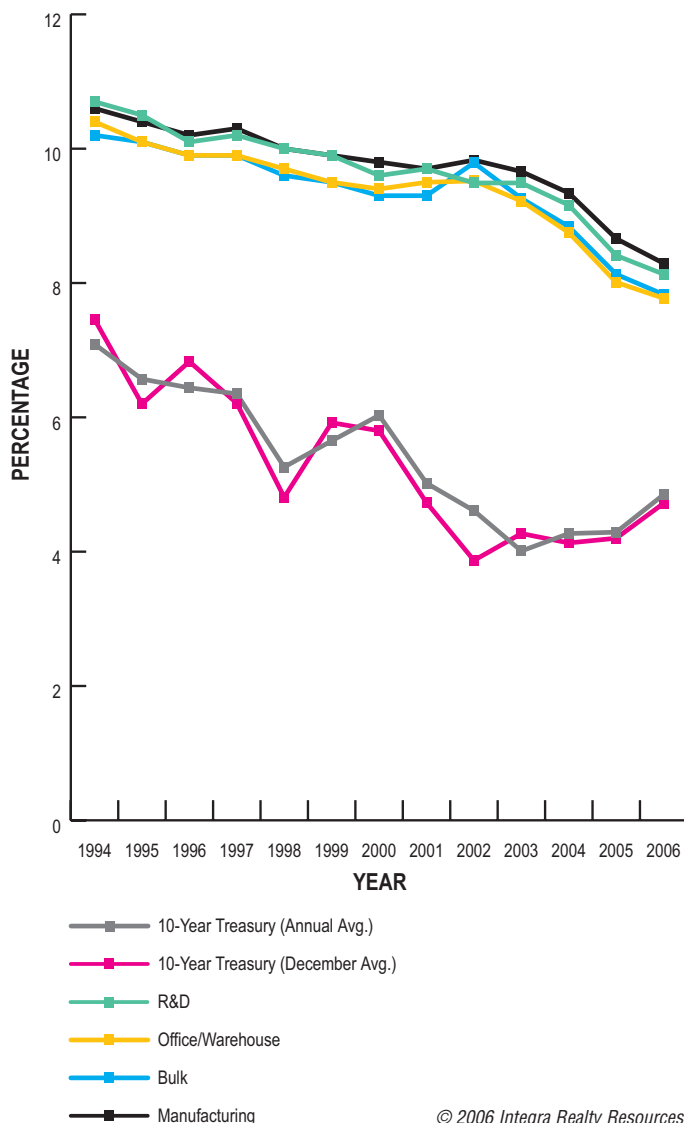
¹Italicized Inventory, Vacancy, Absorption and Under Construction figures were provided by REIS, Inc. 212-921-1122.
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QUICK MARKET GLANCE

- Office/warehouse drops to 8th place in the cap rate ranks chart from last year's 7th place position.
- Bulk, R&D and manufacturing each retain their ranks, holding the 9th, 10th and 11th spots, respectively.
- Discount rates fell across all categories, with R&D and manufacturing holding their 10th and 11th spots. Bulk and office/warehouse switched places with bulk taking the 6th place spot this year and office/warehouse dropping to 8th place.
- Fort Myers is experiencing tremendous growth with many new industrial parks under construction near the Southwest Florida International Airport.
- The Washington, D.C regional flex/industrial market should continue to grow as biotech companies seek space in the region. Additionally, strong economic and population growth

FIGURE 29

CAP RATE TRENDS—INDUSTRIAL



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are expected to continue to fuel the flex/industrial market for the next several years. Rents are expected to increase by approximately 3% and sales volume is projected to remain solid.

- The predominant growth sector in the Indianapolis MSA is the Type III bulk distribution market. Roughly 3 million square feet are currently under construction while another 8 million square feet are in the planning stages. Additionally, two large industrial parks are currently under development. These developments combined will be 1,500 acres that will support 38 buildings totaling 20 million square feet.
- Central Ohio continues to provide a premier location for warehouse/distribution facilities. Rickenbacker International Airport, located on the south side of Columbus, provides a distribution hub, and a state of the art intermodal facility is to be constructed in 2007.
- The Syracuse industrial market is seeing improved occupancies with high tech and R&D showing tight occupancy levels. There continues to be little speculative construction, although owner-occupied space is being added.
- The Kansas City industrial market has potential for significant development. While there is currently one intermodal facility, two more are planned; one in Kansas, and one in Missouri.
- The relocation of several industrial giants to Nashville has brought focus to the Nashville industrial market over the past two years. There have been nearly 70,000 jobs created in the market since 2002.
- The industrial market in Orange County remains healthy with strong fundamental indicators and limited land for new development. Further new development will be influenced by escalating land values which no longer justify the development of traditional box industrial buildings. Rents continue to rise and vacancy remains low.
- Strong growth in container shipments through Seattle and Tacoma ports continue to drive industrial development. To prepare for future growth, the ports of Tacoma and Olympia have agreed to develop a 1,750 acre intermodal distribution center south of Olympia.
- Rising land costs in Las Vegas have driven residential developers to purchase land previously planned for industrial development and rezone for residential use. Coupled with the number of older industrial facilities being demolished to make room for high rise condo development, vacancy has been driven to nearly zero. This is pushing new industrial to outlying areas and industrial has become one of Las Vegas' strongest performers.
- Sales prices, lease rates and absorption are all increasing in Miami. Built-out markets are seeing redevelopment of older warehouse space as industrial condominiums. In addition to the trend to condominium space, this year has seen a significant occupation of large warehouse space near and over 100,000 square feet. The increased activity can be attributed to the strengthening economy, scarcity of developable land, and economic growth projects, such as the Miami dredging project, which will deepen the mouth of the river to allow larger ships access to Miami's already busy port.

PROPERTY SECTOR CYCLES

Lodging

By: Integra Realty Resources, Kansas City, Kenneth Jagers, MAI

Recovery has been more dynamic for the lodging sector than that of the other property sectors though it now shows signs of slowing. As reported in Travel Industry Association, business and leisure travel has slowed over the past 12 months while the convention and conference business remains strong. Business demand increased by 4.6% in 2004, 3.8% in 2005 and 0.9% through the first two quarters of 2006. Leisure is on a somewhat different path, increasing 3.3% in 2004, 1.7% in 2005 and decreasing 2.2% through the first two quarters of 2006.

Smith Travel Research provides monthly and annual occupancy and rate information for the top 25 US markets. As of September, the 2006 trailing 12 month occupancy is just one percentage point above the same period in 2005. However, Average Daily Rate (ADR) is \$5.97 per room, or 6.7%, higher than the same trailing 12 months from 2005. Revenue Per Available Room (RevPAR) has increased by \$4.71 per room or 8.4%. The luxury chain scale posted the highest increases over 2005 with ADR increasing 9.2% and RevPAR increasing 9.9%. From 1996-2005 occupancy for all sectors has been between 59% and 64%. The 1996-2005 average annual increase in ADR was 3.21% and the 1996-2005 average annual increase in RevPAR was 2.8%. While occupancy has improved from 59% to 63% during this last cycle, the driver of the lodging sector recovery has been ADR.

The demand for room nights is relatively inelastic as the higher the chain scale, the better the occupancy. Barriers to entry, primarily scarcity of land and increasing development costs, render the luxury and upper upscale chain scales highly secure. While the increasing demand may not be in the lower priced chain scales, most new supply will be. Repositioning provides little potential for owners and operators in the economy, and midscale chains and redevelopment is no savior for most troubled properties. Lodging is presently at the peak of the recovery phase of the market cycle. Expansion is occurring, but on a limited basis and with significant risk from externalities.

The lodging sector has to be more nimble than other property sectors in satisfying niche demand. No longer are continental breakfasts, bathrobes and mini-bars suitable extras. Facilities designed around a theme are becoming commonplace. Lodging Hospitality reports 108 lodging properties with water parks of 10,000 square feet or greater. This will increase by 36 properties with 6,004 rooms by year end 2006 and by another 37 properties by year end 2007. Of the major brands, only Holiday Inn is strongly represented by this new product type. Keep an eye out for Nickelodeon themed properties as well.

Marriott, Westin and Hilton are keeping pace with business and leisure traveler trends by updating their fitness amenities. These include in-room mini-gyms, alliances with Reebok and Bally's, and even personal trainers.

Gen X is now or will soon be the largest segment of business and leisure traveler. We expect the lodging sector will change to meet this new demand far more quickly than when the baby boomers became the largest traveling demographic. Concepts such as W, Element, aloft, Indigo, Hyatt Place and Cambria Suites are satisfying the changing demand.

One might expect the lodging sector to experience less interest than the other sectors from both debt and equity markets due to its volatility. However, the lodging industry is affected by the same market dynamics as are the other property sectors. There is more money than there are properties available. Jones Lang LaSalle Hotels' latest Hotel Investor Sentiment Survey reports that there are five buyers for every two Class A opportunities. Consequently, prices have been bid up as seen by the average sale price per room of the last 6 months, last 12 months and calendar 2005 reported below by Real Capital Analytics. The following table summarizes the vigorous transaction activity since 2005.

TABLE 30
YTD LODGING TRANSACTION ACTIVITY

	10/06 - Previous	10/06 - Previous	Calendar Year
	6 months	12 months	2005
\$/Volume (S000,000's)	\$17,400	\$40,400	\$30,800
# properties	498	1,261	1,000
\$ Avg. Price/Property (S000,000's)	\$35	\$32	\$31
\$ Avg. Price/Room	\$166,116	\$157,299	\$145,433
\$ Avg. Cap Rate	7.27%	7.27%	7.73%

Source: Real Capital Analytics

The new players are changing the entire landscape of the lodging sector in more ways than the exponential expansion of capital. Private equity firms are compressing the traditional holding period from seven years to four years or less. Aggressive investors are looking to exit assets as quickly as 18 months, shrinking the window for operators to meet performance objectives. Lodging/resort equity REITs have grown considerably in size and number. As of 2nd quarter 2002, the equity market capitalization of lodging/resort equity REITs was \$10.2 billion, or 5.6% of all equity REITs. As of 2nd quarter 2006, the total is \$26.6 billion or 7.7% of the all equity REITs.

The current trend in the industry is toward a clear separation between management and ownership. Ownership being separate from the management results in better access to capital and adds durability to the operations. The quarterly earnings pressure of REITs compounds the pressure on the operators.

The lodging sector is, more than any other sector, sensitive to external events and pressure. If gas prices return to \$3.00 per gallon, or should a national catastrophe occur, will the private equity firms and REITs extend their investment window to the typical three to seven year period, or will they hasten their exit creating a vacuum of capital in their wake?

PROPERTY SECTOR CYCLES

Gaming

By: *Integra Realty Resources Las Vegas*
Shelli Lowe, MAI, Managing Director
Tio DiFederico
Integra Realty Resource-Coastal New Jersey
Anthony S. Graziano, MAI, CRE- Managing Director
Anthony M. Graziano

The most recent gaming news involves President Bush's signing legislation to ban internet gambling on October 13, 2006. The impact was both immediate and decisive. Within hours two British-based online gaming companies both sold their U.S. operations for a token \$1, and a third had its directors resign and leave their company in the hands of administrators. U.S. residents are said to account for about half of the \$15.5 billion net win from wagering that operators of these sites generate. This piece of legislation was surprisingly added to a bill that was aimed at improving port security by making it illegal for banks and credit card companies to settle payments to online gambling sites. It is expected to take a heavy toll on the online poker play, which includes the highly lucrative World Series of Poker. While London-based companies are pulling out, other off-shore operators in the Caribbean are expected to continue doing business through third parties.

INDIAN GAMING

Indian Gaming has also been in the news recently. Their headlines, which have been generated for both good and bad reasons, are directly related to their revenues. The good news is that tribes are reinvesting millions of dollars in areas they operate. One example is the Cherokee Nation in Oklahoma. Officials of that tribe stated that they generated almost \$70 million in profits last year. Of that total, 75 percent went to the Cherokee Nation's job growth fund. This fund invests in non-gaming related businesses in Oklahoma. Another \$2 million went to Oklahoma public schools. There have also been instances, although few, where tribes have been able to distribute large payments to their members. These were the initial hopes when Indian Gaming was approved in 1987.

As with any multi-billion dollar industry, there have also been problems. Some have involved joint ventures with tribes where a non-Indian operator has basically just bought a tribe's name for their own business. These situations have typically left only small amounts for Native Americans. Other examples involve small groups of people with questionable Native American heritage who have been able to establish tax-

exempt casinos. There has been criminal activity; Jack Abramoff was sentenced to five years and 10 months and to pay restitution of \$21 million for defrauding American Indian Tribes and corruption of public officials.

The Indian Gaming industry is rooted in the United States Supreme Court's 1987 decision that Native American tribes could operate gaming facilities free of state regulation.

According to the National Indian Gaming Commission (NIGC), there are 420 Indian-run gaming operations in 30 states. For the 2005 fiscal year, the NIGC reported these operations generated \$22.7 billion in revenues. This represents a 15.6 percent increase over the 2004 revenues, which is their largest increase since 2002.

This growth is fueled by the California gambling market. Of the total 2005 revenues, California's 57 Indian gaming operations generated \$7.2 billion or 31.5 percent of the nation-wide total. This surpasses the Las Vegas Strip's \$6 billion in revenues reported in 2005. With eleven additional tribes having signed compacts in California, this growth is expected to continue. However, due to the restrictions on the types of table games allowed and where these operations can be located, it is unlikely that they can achieve the cluster effect exhibited along the Las Vegas Strip.

LAS VEGAS

Las Vegas is famous for its ability to change. Other than a couple of strange missteps, most notably the family destination pitch in the early 90's, Vegas has always been hip. Its newest reincarnation has made it more of an entertainment destination than a gaming destination.

While Forbes 400 members Sheldon Adelson (#3 with \$20.5 billion) and Steve Wynn (#107 with \$2.6 billion) have expanded into the Chinese enclave of Macau, where the average daily table take is three times that in Las Vegas, they are still investing in the Las Vegas Strip. Adelson's \$1.8 billion Palazzo Hotel Casino and Wynn's \$1.75 billion Encore Hotel Casino are under construction. Also under construction are the MGM Mirage's Project CityCenter, the \$1.8 billion Cosmopolitan hotel-casino-condominium, and Donald Trump's \$500 million Trump International condominium-hotel tower. Other projects include the \$1.5 Fontainebleau Hotel Casino proposed by Turnberry Associates, and redevelopment of Phil Ruffin's New Frontier.

Also on the drawing boards are Boyd Gaming's Echelon Place, and the biggest of them all; the yet to be named development by Harrah's Entertainment.

The Stardust Hotel Casino closed at the end of 2006 to make room for Boyd Gaming's Echelon Place, a \$4 billion resort. The plans show four hotels, a 650,000 square foot ExpoCenter and

1 million square feet of convention space. In early October 2006, Boyd Gaming announced that they had acquired an additional 24 acres which increased the site to 87 acres, thereby suggesting a residential component.

Another sure bet involves MGM Mirage's project CityCenter. This development is being called a "City within a City", the price tag is in the \$7 to \$11 billion range. CityCenter is being constructed on the 66 acres between the previously mentioned Cosmopolitan Hotel Casino and the Monte Carlo Hotel Casino. CityCenter is to include two, 400-room, boutique hotels and several residential buildings with 2,800 condominium units. The main feature will be a 4,000-room hotel-casino designed by the world-renowned architect Cesar Pelli.

Last, but certainly not least, is what is anticipated to come from Harrah's Entertainment. In addition to their Harrah's and Flamingo Hotel Casinos they acquired the Imperial Palace, Bourbon Street properties and numerous infill parcels. With the recent trade announcement of Boyd Gaming for the Barbary Coast Hotel Casino at the Flamingo corner, this part of the puzzle appears complete. However, Harrah's does not appear to be satisfied. On the south side of Flamingo, where they have Bally's and Paris, they acquired an 11.5 acre site at the northwest corner of Harmon and Koval for \$200 million in July 2006.

While Harrah's has yet to announce their plans, it is expected they will surpass MGM Mirage's CityCenter in size, scope and price. Harrah's recent buyout offer from private equity investors, Apollo Management and Texas Pacific Group, could provide aid in this process.

As predicted, the completion of the Wynn Las Vegas Hotel Casino has led to this next wave of planned Strip development. On paper, this wave appears to be a Tsunami that would add over 41,000 rooms to the 133,347 room inventory. We predict that other than the projects discussed, the majority of what is put on paper in Vegas, will stay on paper in Vegas.

ATLANTIC CITY

The Atlantic City market on the east coast took a breath, rearranged some tables and is now prime for an encore performance. Property upgrades, a new casino, expanding entertainment and non-gaming venues have all produced positive results. Based on current casino commission reports, gaming revenues for 2006 are looking like \$5.2+ billion, a growth factor over 2005 of approximately 5%. Market leaders in gaming revenue continue to be Caesars, Borgata and Harrahs while the market laggards continue to be the Trump properties and Sands. The good news is that leaders outnumber laggards and visitor traffic is up.

Retail venues like The Walk, Caesars Pier and the Tropicana Quarter have provided solid non-gaming action. Recently

renovated Boardwalk Hall has sponsored boxing events, shows, and sporting events providing infill traffic to off season lulls.

Consolidation and planning have been brewing for about two years. Not unlike monopoly, it appears like the new focus is back "to the Boardwalk."

The first player to show his hand, Frank Scanapicco, acquired the 20 acre uptown urban renewal site along the Boardwalk proposing a condominium and entertainment center. The property in late 2005 was flipped to a nationally recognized investment house for a yet to be disclosed casino operator.

In 2006, Curt Bashaw, former Casino Reinvestment Development Authority (CRDA) Director, and Wallace Barr acquired a Boardwalk site at the west end including the old Atlantic City High School property. The initial plans were a boutique hotel which has now converted to a boutique casino/hotel.

Carl Icahn and the Sands operation purchased the 10+ acre Traymore site along the Boardwalk. For the first time in its 25 year history, the Sands Hotel controlled Boardwalk frontage. It didn't take long for deep pockets like Pinnacle Capital to come along and buy out the Sands operation, the Traymore site and land options for other key properties. Pinnacle will be closing the Sands Hotel in November promising to come forward with a redevelopment plan which will demolish the Sands complex.

The whole city is a buzz over the fate of Bader Air Field, 100+ acres surrounded on three sides by the Inland Bay. The city is considering rezoning this tract for casino/hotel and resort entertainment.

The gaming industry continues to see opportunities in Atlantic City. With a town that has barely 20,000 hotel rooms and produces gaming revenues equivalent to 80+% of the Las Vegas strip, new players are preparing to make billion dollar investments.

Integra continues to have confidence in the viability of this market and is proud to be part of the team with Karabasian and Associates working with the city of Atlantic City in the development of their 2007 Master Plan.

PROPERTY SECTOR CYCLES

Golf

By: *Integra Realty Resources Chicago, Cary A. Lannin*

The general outlook for the United States golf industry in 2007 is one of guarded optimism. The pace of new course development continues to slow, rounds played appear to be increasing (albeit at a nominal rate), investment capital is flowing to golf in response to potentially higher returns relative to other real estate sectors, and last but not least, the Boomers are coming! The Boomers are coming!

Without a doubt, the golf industry is still dealing with the effects of the building boom of the late 1990's. In total, from 1996 through 2000, 1,737 18-hole equivalents entered the market, with the majority of these developments targeting the high-end public course market. The rapid increase in golf supply, coupled with the 9/11 terrorist attack and subsequent economic downturn, had a significant impact on the golf industry. Competition among the existing and new courses became fierce, resulting in fee discounting to maintain market share with the resulting loss in top-end revenue translating directly to the bottom line, squeezing net operating income margins.

Fortunately, new development has slowed, in part because of market awareness of the altered competitive landscape. Additional contributing factors are reduced capital availability and a decline in golf and residential development in light of high construction costs relative to the value of the course at completion. Bottom line, the National Golf Foundation (NGF) reported that course openings fell to 124.5 in 2005, with between 120 and 140 slated to open in 2006. Because new course development is a lengthy and challenging process, it is not likely that the development spigot will be turned on again in the near term.

With the supply side of the equation seemingly coming back to neutral, markets are beginning to digest the additions to supply. NGF "same store" rounds data, for the year to date through August, are up 1.4% over the same period in 2005. Granted, this is not robust growth. However, slow growth is better than no growth, and is certainly better than negative growth. Having said that, operators indicate the reality that while downward pressure on rounds may be abating, rounds remain below pre-2001 levels, and fee discounting is still prevalent in most markets.

Golf, although not one of the four major real estate food groups, has become an attractive investment in and of itself. Investment capital dollars are flowing to golf, much as they have flowed to other property types. Wall St. firms such as Deutsche Bank and Goldman Sachs have interests in golf real estate portfolios. CNL

Income Properties, a hospitality REIT, has made a recent splash in golf investment, with several acquisitions and more in the pipeline. These investors are attracted to relatively higher returns on golf than for other real estate plays. Cap rates on golf courses range from 8 to 10% on course level EBITDA, down from 10 to 12% a few years ago. By comparison, other property type cap rates range from 6 to 8%; the difference reflects golf's inherently greater risk premium and the risk factor that other property types typically don't encounter — the weather.

Although most banks shy away from golf loans, the industry has a group of specialized lenders dedicated to the industry. Capmark (formerly GMAC), GE Real Estate and Textron Financial represent the primary debt providers in golf, and all have golf-savvy lending and underwriting teams in place. As with golf cap rates, loan rates in golf are generally higher than for other property types. Golf loan parameters have been generally stable, with interest spreads ranging from 200 to 400 basis points above LIBOR or treasuries, with debt coverage ratios at 1.25 to 1.35x EBITDA. Golf lenders are generally cash flow lenders, meaning that cash flowing properties without a "story" stand a better chance of being funded. Lastly, if you are looking for funding for the course you are proposing to build on the family farm — keep looking — such loans are reserved only for those that don't need them.

Who's that knocking on the door? You guessed it — the Baby Boomers! The 78 million post-WWII Baby Boomers are coming to retirement age, turning 60 years of age at the rate of 7,900 per day. The golf industry is salivating over this emerging demographic that is anticipated to have both the time and the financial ability to play more golf. NGF estimates that Boomers will play 75 to 100 million incremental rounds annually by 2015.

Should the NGF estimates hold true, the financial impacts on the golf industry will be substantial. But before the party gets started, a word of caution is warranted. According to a Del Webb survey, the Boomers, although considered an active generation, will be working later in life. Also, this group will be pursuing many varied interests upon retirement, and golf will represent only one of the activities available to them. Lastly, senior golfers are notoriously fee-sensitive, and the Boomer generation will undoubtedly tighten their purse strings in light of fixed income limitations upon retirement. With these cautionary words in mind, the question is not if the Boomers will affect golf demand, they most certainly will. The real question is the degree to which demand will be augmented. To that question, the answer is, only time will tell.

In conclusion, the slowing of new construction has been good news for the golf industry. Markets are showing signs of returning to equilibrium, and rounds played appear to be increasing. However, increased fee discounting will continue to affect top end golf revenue. Future risks to golf's continued improvement include (among others) a downturn in the economy, increasing fuel prices and terrorist events. An occurrence of one or all of these risk factors could potentially wipe out the positive steps the golf industry has taken over the past five years.

MEXICAN MARKET UPDATE

By: Integra Realty Resources de Mexico, Oscar J. Franck Y Terrazas

Despite a conflictive post-electoral situation Mexico's economy remained strong in an upward trend throughout the first three quarters of 2006. As the 3rd quarter came to a close, the main Economic Indicators stood as following:

- The Interbank, 28-day Interest rate (CETES – Certificado de Tesorería) was placed at 7.3050%, which represents a 0.0025% decrease according to Banco de Mexico.
- The currency exchange market shows the American dollar being bought at a minimum of \$10.70 in banks of the Federal District with an average of \$11.08 on the free exchange. The Euro reached a maximum quotation of \$14.15 and the Yen has traded at \$ 0.097 pesos.
- The GNP growth for the 1st half of 2006 was 5.1%, which exceeded the Mexican financial authority's final estimate of 4.34%. It is also interesting to note that the GNP growth estimates have been revised upward from a starting point of 3.46%, and the actual performance still exceeded projections.
- It is projected that exports in 2006 will be \$247.3 billion (US), which represents growth of 12.5%.
- In 2005 inflation stood at 3.33%, the lowest level since 1968. The Central Bank is projecting that inflation will be 3.40% in 2006.
- On September 1, 2006, Mexico's international reserves stood at \$65.9 billion (US) after paying \$12.3 billion (US) of its external debt in advance.
- Mexico received \$8.692 billion (US) of Foreign Direct Investment in the first half of 2006, which is composed of 58.3% of Greenfield investment, 16.9% of reinvestment of profits, 11.2% of accounts between companies, and 13.4% of new machinery.

The two major sources of income, oil and remittances from workers abroad, performed beyond expectations. Mexico's revenues from oil exports set a new record by generating \$9.9 billion (US) of crude sales to the USA during the 1st quarter making Mexico its 2nd largest supplier. The remittances sent by Mexican workers in the USA were \$9.3 billion (US) for the first five months of 2006. This represents a growth of 25% over last year when the country received over \$20 billion (US) for the full year. These resources are very important for the country given that they are directly incorporated in the economy.

Real estate took another positive step with the further lowering of mortgage interest rates. Average conditions for mortgage lending are: 15 year loans, 80% maximum credit, 2.5% commission for credit opening and an average loan rate of 11.75%.

The office market in the Mexico City area continued to be very dynamic during the first half of 2006, posting sales and leases of approximately 600,000 and 1,400,000 square feet, respectively. This represents an increase of 38% compared to the same period the previous year. Lease prices have increased an average of 5.6%

The Mexico City industrial market saw an increase in supply of nearly 20% during 2005 mostly due to several buildings becoming available. At the beginning of 2006, there was nearly 12 million square feet of newly built space entering the market. The demand for Class A industrial buildings in the Mexico City area increased heavily with 1.27 million square feet of leases and 4.23 million square feet of sales recorded. Prices have remained stable.

Queretaro has become a strong alternative for companies wanting to relocate to a friendlier environment. Strategically located in the center of the country along Highway 57, just 130 miles from Mexico City, it is adjacent to five of the most populated states. Existing manufacturing activities are focused on auto part, auto-assembly, aerospace, chemical and electronics industries. The total supply of industrial space among the six existing industrial parks is about 14 million square feet. Lease rates are remaining stable in the \$4.50 per square foot range for Class A buildings. Vacancy at the end of the 1st quarter of 2006 was 1.3 million square feet, or 9.3%. The price for land averaged from \$2.40 to \$3.20 per square foot. The six parks employ 11,500 people.

The boom of tourism and second home projects taking place along the Baja Peninsula and the northern west coast of Mexico has kept IRR de Mexico extremely busy. As prices along the California coast have grown out of reach for many people, Americans are buying properties in Mexico where their money will go further. Sales of vacation and retirement homes to the US baby-boomers have more than doubled in the last year with prices increasing 35%. This boom has attracted many American developers, investors and banks to this market.

While the US is facing a deceleration in some aspects of the economy and a slow down in real estate sales, Mexico is experiencing a new surge as the American baby-boomers are driving the second home market. Additionally, pension funds are investing larger amounts in Mexican real estate in search of higher returns. The recent appointment of Dr. Agustin Carstens, former Deputy Managing Director of the IMF, as the Chief Economic advisor for the Presidential transition team of Felipe Calderón, has further raised the level of confidence of foreign investors.

DEMOGRAPHIC & ECONOMIC TRENDS

Common sense tells us it is easier to run a race with the wind blowing at our backs than running into the wind. The same concept holds true in real estate as it is easier to find good investments in growing markets. Each year, IRR reviews the demographic and economic trends of major metropolitan markets to identify markets in which the wind is blowing at investors' backs. In this section, we analyze the demographic and economic trends for the 50 largest Consolidated Metropolitan Statistical Areas (CMSA) as well as ten additional markets in which IRR operates offices.

The United States has reached a major milestone this year as the population of the country has surpassed 300 million. It is interesting to note that the country took over 100 years to reach 100 million, 52 years to add another 100 million, and less than 40 years to add the latest 100 million people. The population is projected to reach 400 million by 2043, or only 37 years from now. In Table 31, we have summarized statistics about the United States in the years in which the 100 million milestones were surpassed. The factors included in this table provide interesting insights into the U.S. real estate market in the past and looking forward to the next 100 million of population growth. The average size of U.S. households has steadily decreased over the past century from 4.5 in 1915 to 2.6 in 2006. Over the period, the average life expectancy has increased from 54.6 years to 77.8 years. Additionally, the homeownership rate has increased substantially from 45.9% to 68.9%. These factors have significantly impacted the residential real estate industry over the past decade, and will likely continue to shape the industry going forward.

TABLE 31
US POPULATION STATISTICS

	1915	1967	2006
US Population	100 million	200 million	300 million
Years to Increase 100 million	139	52	39
World Population	1.8 billion	3.5 billion	6.5 billion
US Population (% of World)	5.6%	5.7%	4.6%
Average Household Size	4.5	3.3	2.6
Homeownership Rate	45.9%	63.6%	68.9%
Life Expectancy	54.5 years	70.5 years	77.8 years
Median Age of the Population	24.1	29.5	36.2
Population Center of the US	Bloomington, IN	Clinton Co., IL	Phelps Co., MO

Source: US Census Bureau

No analysis of demographic trends for individual markets would be complete without consideration of trends that are impacting the country as a whole. One of the major trends affecting the United States over the last few decades has been the shifting of the population to the west and the south. Our analysis certainly provides evidence to support that trend as almost all of the fastest growing markets are in the west or south. Additionally,

the trend of population shifting from the central core to the suburbs has impacted real estate markets over the last several decades. IRR has observed a flurry of inner-city, residential condo construction in many markets. However, the US Census Bureau data still shows that more Americans are moving from the inner city to the suburbs than vice versa.

In our annual analysis of trends, we consider many factors including growth in population, households, household income and employment. Through our proprietary analysis of the data, we identify the markets with the most favorable growth characteristics. We report the Top 10 markets in terms of both the percentage rate of growth and absolute growth. Those markets performing well with both of these ratings deserve specific attention as they are among the fastest growing markets in the country and are large enough to offer significant investment potential to national investors. Again this year, Atlanta, Dallas, Denver and Houston are leading markets in terms of both percentage growth and absolute growth.

TABLE 32
TOP 10 ANNUAL GROWTH AREAS BY PERCENTAGE CHANGE

Annual Growth Rate				Absolute Annual Growth	
'06-'11 Rank	2005 Rank	'01-'06 Rank	MSA	'06-'11 Rank	'01-'06 Rank
1	1	16	Austin, TX	13	28
2	4	8	Naples, FL	30	46
3	2	22	Dallas-Fort Worth, TX	1	11
4	8	13	Sarasota, FL	31	37
5	3	17	Atlanta, GA	4	13
6	7	2	Orlando, FL	19	15
7	5	18	Houston, TX	2	7
8	6	27	Denver, CO	7	20
9	9	1	Las Vegas, NV	15	3
10	11	4	Phoenix, AZ	11	6

Source: NPA Data Services, Inc., compiled by IRR

TABLE 33
TOP 10 ANNUAL GROWTH AREAS BY ABSOLUTE CHANGE

Annual Growth Rate				Annual Percentage Growth	
'06-'11 Rank	2005 Rank	'01-'06 Rank	MSA	'06-'11 Rank	'01-'06 Rank
1	1	11	Dallas-Fort Worth, TX	3	22
2	2	7	Houston, TX	7	18
3	3	1	Washington, DC-VA-MD-WV	21	9
4	3	13	Atlanta, GA	5	17
5	5	2	Los Angeles, CA	44	39
6	7	4	Miami, FL	15	15
7	6	20	Denver, CO	8	27
8	8	12	Seattle, WA	20	32
9	9	16	San Diego, CA	16	25
10	11	60	San Francisco, CA	38	60

Source: NPA Data Services, Inc., compiled by IRR

The Top 10 average for population growth remained essentially constant at 3.22%. Naples and Las Vegas are well above the Top 10 average with remarkably high population growth rates of 5.1% and 4.49% respectively.

The Top 10 average for Household growth is 3.42%, which is slightly below 3.46% for last year. Not surprisingly, Naples and Las Vegas are also leading the way in household growth.

The Top 10 average household income growth is 3.1%, which is significantly below the average of 3.84% for last year. San Jose has the greatest prospects for household income growth as it recovers from decreases over the last five years.

Overall employment growth continues to show positive patterns nationwide; however, growth is at a slower rate than last year. The IRR Top 10 average shows a growth rate of 4.39%, which is down slightly from 4.62% last year. The average for all CMSAs included in our analysis was 2.37%,

which is down from 2.63% last year. Naples, Las Vegas and Austin continue to lead with attractive employment growth rates of 5.94%, 5.81% and 4.61%, respectively.

In this section, we have identified what we consider to be the markets with most favorable demographic and economic growth trends. However, potential investors should still be cautious. This analysis considers the demand components that are favorable to real estate. However, it is also essential for market participants to consider the balance between supply and demand in addition to the individual characteristics of the many submarkets within a CMSA. It is therefore crucial to have an advisor who has personal knowledge of the local market. Our local IRR representatives thoroughly know their markets and can provide meaningful information and advice about area dynamics.

NPA Data Services of Washington, DC provided the CMSA demographic and economic data.

TABLE 34

POPULATION GROWTH
Top 10 Markets

Annual Growth Rate				Absolute Annual Growth		
'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	CMSA	'06-'11 Rank	'06-'11 (000's)
1	5.10	2	4.06	Naples, FL	32	16.23
2	4.49	1	4.34	Las Vegas, NV	9	79.62
3	3.44	10	2.65	Austin, TX	14	51.37
4	3.03	4	3.76	Phoenix, AZ	3	121.93
5	2.93	5	3.52	Orlando, FL	12	58.81
6	2.85	7	3.22	Atlanta, GA	1	146.30
7	2.79	27	1.30	Denver, CO	10	66.78
8	2.64	8	2.94	Sarasota, FL	28	18.33
9	2.54	3	3.82	Riverside, CA	5	102.32
10	2.37	6	3.25	Boise, ID	37	13.36
3.22				3.29	IRR Top 10 Average	
1.25				1.29	IRR CMSA Average	

Source: NPA Data Services, Inc., compiled by IRR.

TABLE 36

AVERAGE HOUSEHOLD INCOME GROWTH
Top 10 Markets

Annual Growth Rate				Absolute Annual Growth		
'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	CMSA	'06-'11 Rank	'06-'11 (\$'s)
1	3.27	60	-0.53	San Jose, CA	1	4595.16
2	3.26	50	0.36	Charlotte, NC-SC	10	2747.80
3	3.16	45	0.59	Greenville, SC	30	2190.10
4	3.10	3	1.91	Birmingham, AL	18	2494.86
5	3.10	47	0.50	Houston, TX	6	3136.46
6	3.02	55	0.07	Austin, TX	17	2535.94
7	3.02	20	1.32	Boston, MA-NH	3	3494.70
8	3.02	14	1.47	Savannah, GA	28	2294.67
9	3.01	48	0.40	Dallas-Fort Worth, TX	8	2815.43
10	3.00	7	1.79	Nashville, TN	16	2572.26
3.10				0.79	IRR Top 10 Average	
2.65				0.99	IRR CMSA Average	

Source: NPA Data Services, Inc., compiled by IRR.

TABLE 35

HOUSEHOLD GROWTH
Top 10 Markets

Annual Growth Rate				Absolute Annual Growth		
'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	CMSA	'06-'11 Rank	'06-'11 (000's)
1	5.35	2	4.30	Naples, FL	33	7.10
2	4.73	1	4.59	Las Vegas, NV	9	31.92
3	3.62	10	2.80	Austin, TX	14	20.51
4	3.26	4	4.00	Phoenix, AZ	3	48.74
5	3.14	5	3.78	Orlando, FL	12	24.41
6	3.00	6	3.45	Atlanta, GA	1	57.15
7	2.90	21	1.67	Denver, CO	11	27.35
8	2.86	8	3.16	Sarasota, FL	26	9.03
9	2.77	3	4.10	Riverside, CA	7	36.30
10	2.60	7	3.45	Boise, ID	40	5.45
3.42				3.53	IRR Top 10 Average	
1.44				1.50	IRR CMSA Average	

Source: NPA Data Services, Inc., compiled by IRR.

TABLE 37

TOTAL EMPLOYMENT GROWTH
Top 10 Markets

Annual Growth Rate				Absolute Annual Growth		
'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	CMSA	'06-'11 Rank	'06-'11 (000's)
1	5.94	2	5.16	Naples, FL	45	11.63
2	5.81	1	5.31	Las Vegas, NV	10	65.03
3	4.61	11	2.31	Austin, TX	19	44.62
4	4.35	4	3.66	Orlando, FL	17	55.74
5	4.20	5	3.27	Phoenix, AZ	6	96.08
6	4.16	6	3.06	Sarasota, FL	39	17.57
7	4.06	15	2.05	Atlanta, GA	3	125.78
8	3.79	20	1.76	Denver, CO	11	63.30
9	3.53	8	2.53	Boise, ID	44	12.50
10	3.47	3	4.24	Riverside, CA	12	60.00
4.39				3.33	IRR Top 10 Average	
2.37				1.44	IRR CMSA Average	

Source: NPA Data Services, Inc., compiled by IRR.

DEMOGRAPHIC AND ECONOMIC TRENDS Mid Year 2006

MSAs	POPULATION								HOUSEHOLDS									
	2006	Annual Growth Rate				Absolute Annual Growth				2006	Annual Growth Rate				Absolute Annual Growth			
	Current (000's)	'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	'06-'11 Rank	'06-'11 (000's)	'01-'06 Rank	'01-'06 (000's)	Current (000's)	'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	'06-'11 Rank	'06-'11 (000's)	'01-'06 Rank	'01-'06 (000's)
Atlanta, GA	5,141.69	6	2.85	7	3.22	1	146.30	1	142.78	1,904.85	6	3.00	6	3.45	1	57.15	1	56.00
Atlantic City, NJ	273.18	41	0.66	22	1.38	52	1.80	49	3.53	104.48	42	0.85	23	1.60	54	0.89	50	1.55
Austin, TX	1,493.46	3	3.44	10	2.65	14	51.37	17	34.89	566.67	3	3.62	10	2.80	14	20.51	19	13.91
Baltimore, MD	2,670.90	35	0.86	37	0.71	23	22.90	27	18.33	1,032.58	36	1.02	37	0.90	22	10.53	27	8.94
Birmingham, AL	1,097.73	38	0.71	38	0.70	44	7.80	42	7.43	436.79	38	0.89	38	0.89	45	3.87	43	3.72
Boise, ID	563.98	10	2.37	6	3.25	37	13.36	31	15.75	209.89	10	2.60	7	3.45	40	5.45	33	6.18
Boston, MA-NH	4,396.98	50	0.21	57	-0.14	39	9.12	59	-6.28	1,701.32	51	0.39	56	0.05	34	6.69	53	0.79
Buffalo, NY	1,140.49	60	-0.75	59	-0.41	58	-8.57	56	-4.74	464.13	60	-0.57	59	-0.21	59	-2.63	58	-0.97
Charlotte, NC-SC	1,568.64	25	1.30	9	2.83	26	20.38	15	38.84	610.29	25	1.50	9	3.03	25	9.15	15	16.07
Chicago, IL-IN-WI	9,493.15	48	0.28	39	0.63	19	26.68	11	58.12	3,459.34	47	0.45	40	0.80	18	15.66	10	26.62
Cincinnati, OH-KY-IN	2,082.32	37	0.84	44	0.55	29	17.57	37	11.23	817.02	37	1.00	46	0.68	28	8.19	36	5.41
Cleveland, OH	2,114.67	58	-0.36	58	-0.28	57	-7.64	58	-5.99	851.29	58	-0.20	58	-0.12	58	-1.70	59	-1.00
Columbia, SC	700.06	29	1.02	23	1.36	45	7.16	40	8.91	269.79	28	1.23	24	1.58	46	3.33	42	3.96
Columbus, OH	1,722.98	31	0.99	31	1.02	31	17.08	30	16.77	687.43	31	1.17	31	1.19	29	8.07	29	7.72
Dallas-Fort Worth, TX	5,939.87	11	2.29	11	2.21	2	135.87	4	118.05	2,198.09	11	2.51	11	2.44	2	55.25	3	47.86
Dayton, OH	841.08	57	-0.24	55	-0.11	56	-2.05	55	-0.90	340.86	57	-0.06	55	0.09	57	-0.22	57	0.29
Denver, CO	2,389.40	7	2.79	27	1.30	10	66.78	19	29.15	942.27	7	2.90	21	1.67	11	27.35	16	14.55
Detroit, MI	4,481.42	52	0.18	53	0.04	43	7.93	50	1.75	1,735.70	52	0.38	52	0.25	35	6.55	40	4.31
Greenville, SC	598.42	39	0.70	30	1.07	47	4.17	44	6.10	236.20	39	0.89	30	1.30	50	2.11	45	2.89
Hartford, CT	1,191.35	53	0.07	43	0.57	53	0.79	43	6.63	470.08	53	0.26	42	0.78	52	1.20	44	3.51
Houston, TX	5,379.45	14	2.06	12	2.21	4	110.61	5	106.88	1,912.65	14	2.24	12	2.41	5	42.80	5	41.09
Indianapolis, IN	1,659.33	28	1.06	24	1.35	30	17.53	25	21.05	655.03	29	1.21	27	1.49	30	7.94	26	9.09
Jacksonville, FL	1,271.56	20	1.56	14	2.15	27	19.78	23	24.65	501.04	20	1.75	14	2.37	27	8.77	23	10.63
Kansas City, MO-KS	1,969.51	27	1.07	28	1.13	24	21.07	26	20.99	782.37	27	1.26	28	1.33	24	9.88	24	9.76
Las Vegas, NV	1,771.67	2	4.49	1	4.34	9	79.62	9	63.15	674.92	2	4.73	1	4.59	9	31.92	11	25.18
Los Angeles, CA	12,914.91	40	0.69	41	0.58	7	88.72	8	72.89	4,309.85	40	0.88	41	0.79	6	38.14	8	32.84
Louisville, KY-IN	1,215.56	47	0.30	36	0.74	49	3.66	41	8.68	489.59	48	0.45	36	0.91	49	2.18	41	4.24
Memphis, TN-MS-AR	1,271.33	42	0.66	34	0.91	41	8.45	38	11.01	480.33	41	0.86	33	1.10	43	4.11	37	5.02
Miami, FL	5,480.65	17	1.75	21	1.43	6	96.08	7	72.97	2,126.18	16	2.02	20	1.69	4	42.89	7	33.21
Milwaukee, WI	1,509.25	49	0.28	52	0.05	46	4.24	52	0.82	598.20	49	0.45	53	0.24	47	2.72	51	1.42
Minneapolis, MN	3,168.64	22	1.51	32	0.96	15	47.71	20	29.07	1,224.75	21	1.66	34	1.09	16	20.28	22	12.68
Morgantown, WV	115.15	46	0.40	40	0.63	54	0.46	53	0.70	47.19	46	0.59	39	0.86	55	0.28	56	0.39
Naples, FL	318.03	1	5.10	2	4.06	32	16.23	39	10.73	132.76	1	5.35	2	4.30	33	7.10	39	4.70
Nashville, TN	1,449.28	18	1.69	17	1.68	21	24.45	24	22.51	569.63	19	1.84	17	1.83	23	10.47	25	9.55
New Orleans, LA	1,318.83	43	0.64	51	0.11	42	8.40	51	1.40	506.61	43	0.81	51	0.27	44	4.09	52	1.35
New York, NY-NJ-PA	18,776.10	55	-0.18	48	0.30	60	-33.12	12	55.26	6,940.62	55	0.01	48	0.53	53	0.99	6	35.65
Oklahoma City, OK	1,168.97	33	0.91	29	1.12	38	10.63	36	12.40	464.55	34	1.08	29	1.31	41	5.04	35	5.73
Orlando, FL	2,006.75	5	2.93	5	3.52	12	58.81	10	60.00	777.68	5	3.14	5	3.78	12	24.41	12	24.75
Philadelphia, PA-NJ-DE-MD	5,843.12	54	0.07	47	0.46	48	4.07	22	26.07	2,226.36	54	0.25	47	0.65	39	5.56	18	14.04
Phoenix, AZ	4,018.87	4	3.03	4	3.76	3	121.93	3	127.25	1,496.67	4	3.26	4	4.00	3	48.74	2	49.86
Pittsburgh, PA	2,369.52	59	-0.46	60	-0.42	59	-10.80	60	-10.20	984.54	59	-0.28	60	-0.23	60	-2.73	60	-2.33
Portland, OR-WA	2,127.01	19	1.68	19	1.53	18	35.70	18	30.18	834.38	18	1.85	19	1.70	19	15.43	21	13.09
Providence, RI-MA	1,615.42	51	0.21	50	0.23	50	3.38	48	3.66	638.61	50	0.40	50	0.43	48	2.56	47	2.70
Richmond, VA	1,196.91	26	1.24	18	1.54	34	14.90	29	17.14	470.95	26	1.38	18	1.71	37	6.51	30	7.40
Riverside, CA	4,028.60	9	2.54	3	3.82	5	102.32	2	129.26	1,310.06	9	2.77	3	4.10	7	36.30	4	44.61
Sacramento, CA	2,067.26	13	2.17	15	2.14	17	44.91	14	40.04	782.76	13	2.39	13	2.39	17	18.74	14	16.69
Salt Lake City, UT	1,049.85	15	1.95	26	1.32	25	20.52	34	12.98	348.41	15	2.17	25	1.54	31	7.57	38	4.97
San Antonio, TX	1,925.42	24	1.36	16	2.06	20	26.25	16	35.90	688.56	23	1.58	16	2.29	21	10.86	17	14.16
San Diego, CA	2,933.64	16	1.76	46	0.49	13	51.53	33	14.17	1,053.49	17	1.97	44	0.71	13	20.71	32	7.18
San Francisco, CA	4,149.42	44	0.57	56	-0.13	22	23.62	57	-5.50	1,574.14	44	0.75	57	0.05	20	11.78	54	0.73
San Jose, CA	1,767.74	34	0.91	49	0.26	33	16.06	46	4.59	592.51	32	1.10	49	0.47	36	6.54	46	2.73
Sarasota, FL	694.53	8	2.64	8	2.94	28	18.33	28	17.78	316.26	8	2.86	8	3.16	26	9.03	28	8.63
Savannah, GA	317.01	32	0.93	25	1.35	51	2.94	47	4.02	121.78	33	1.09	26	1.51	51	1.33	49	1.71
Seattle, WA	3,238.57	23	1.39	33	0.93	16	44.94	21	28.78	1,289.57	24	1.58	32	1.13	15	20.32	20	13.79
St. Louis, MO-IL	2,792.05	45	0.53	45	0.53	35	14.86	32	14.41	1,100.04	45	0.68	45	0.69	32	7.48	31	7.37
Syracuse, NY	649.19	56	-0.23	54	-0.04	55	-1.51	54	-0.23	255.30	56	-0.05	54	0.17	56	-0.12	55	0.42
Tampa, FL	2,708.34	12	2.25	13	2.17	11	61.03	13	52.99	1,160.25	12	2.47	15	2.34	10	28.63	13	24.33
Tulsa, OK	893.27	30	1.02	42	0.58	40	9.08	45	5.02	355.20	30	1.20	43	0.77	42	4.28	48	2.63
Virginia Beach, VA	1,649.93	36	0.85	35	0.80	36	14.10	35	12.69	607.63	35	1.06	35	1.03	38	6.45	34	5.95
Washington, DC-VA-MD-WV	5,290.07	21	1.53	20	1.49	8	80.93	6	73.14	2,007.32	22	1.66	22	1.63	8	33.30	9	30.29
Average			1.25		1.29		30.35		28.83			1.44		1.50		13.34		12.68

Source: NPA Data Services, Inc., compiled by IRR.

This analysis includes the 50 largest CMSAs and all markets in which Integra Realty Resources maintains an office.

TABLE 38 continued

DEMOGRAPHIC AND ECONOMIC TRENDS Mid Year 2006

AVERAGE HOUSEHOLD INCOME									TOTAL EMPLOYMENT									MSA's
2006	Annual Growth Rate				Absolute Annual Growth				2006	Annual Growth Rate				Absolute Annual Growth				
Current (\$)	'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	'06-'11 Rank	'06-'11 (\$)	'01-'06 Rank	'01-'06 (\$)	Current (000's)	'06-'11 Rank	'06-'11 (%)	'01-'06 Rank	'01-'06 (%)	'06-'11 Rank	'06-'11 (000's)	'01-'06 Rank	'01-'06 (000's)	
86,921.64	26	2.72	59	-0.51	25	2366.23	59	-450.60	3,096.36	7	4.06	15	2.05	3	125.78	6	57.63	Atlanta, GA
80,868.97	57	2.27	53	0.31	52	1836.08	53	247.07	187.65	33	1.99	24	1.52	56	3.74	47	2.65	Atlantic City, NJ
83,950.36	6	3.02	55	0.07	17	2535.94	55	59.99	968.05	3	4.61	11	2.31	19	44.62	21	20.03	Austin, TX
97,474.06	14	2.92	4	1.88	7	2845.39	4	1671.50	1,665.05	34	1.97	30	1.39	24	32.81	19	21.64	Baltimore, MD
80,414.50	4	3.10	3	1.91	18	2494.86	10	1403.35	659.32	41	1.76	36	1.07	46	11.59	41	6.70	Birmingham, AL
76,786.46	39	2.45	57	-0.05	49	1878.08	57	-36.96	354.57	9	3.53	8	2.53	44	12.50	38	7.97	Boise, ID
115,826.98	7	3.02	20	1.32	3	3494.70	6	1437.24	3,065.45	49	1.37	55	-0.03	20	42.01	57	-0.97	Boston, MA-NH
72,105.62	52	2.33	19	1.39	57	1680.10	25	938.76	646.07	60	0.24	53	0.20	59	1.56	52	1.31	Buffalo, NY
84,259.66	2	3.26	50	0.36	10	2747.80	51	296.68	1,013.63	24	2.48	22	1.58	34	25.18	28	14.86	Charlotte, NC-SC
96,939.68	37	2.50	49	0.37	22	2428.16	50	353.78	5,606.03	50	1.33	48	0.40	9	74.64	18	21.74	Chicago, IL-IN-WI
83,733.47	58	2.27	17	1.42	48	1898.51	17	1110.11	1,309.33	35	1.93	33	1.11	32	25.23	29	13.80	Cincinnati, OH-KY-IN
81,034.51	49	2.38	36	0.79	47	1928.86	36	618.02	1,318.81	58	0.67	58	-0.14	50	8.78	59	-1.84	Cleveland, OH
74,173.21	15	2.90	25	1.21	35	2150.51	27	847.04	449.20	30	2.15	27	1.48	49	9.68	42	6.18	Columbia, SC
82,016.18	44	2.41	28	1.11	43	1973.05	26	859.31	1,191.21	31	2.12	34	1.10	33	25.22	31	12.38	Columbus, OH
93,528.66	9	3.01	48	0.40	8	2815.43	49	367.68	3,732.76	12	3.38	25	1.52	2	126.09	8	52.68	Dallas-Fort Worth, TX
73,641.50	46	2.39	38	0.72	55	1759.86	42	511.09	510.81	56	0.77	59	-0.16	55	3.92	56	-0.81	Dayton, OH
102,187.10	31	2.61	39	0.72	14	2668.76	34	708.00	1,670.80	8	3.79	20	1.76	11	63.30	16	27.00	Denver, CO
90,559.50	53	2.30	46	0.58	38	2081.83	41	512.06	2,538.58	51	1.28	56	-0.03	25	32.57	55	-0.78	Detroit, MI
69,323.41	3	3.16	45	0.59	30	2190.10	48	399.17	368.20	37	1.91	45	0.62	54	7.05	49	2.20	Greenville, SC
98,825.03	29	2.65	37	0.77	15	2619.96	33	736.45	777.44	53	1.10	50	0.33	52	8.58	48	2.50	Hartford, CT
101,050.05	5	3.10	47	0.50	6	3136.46	43	490.90	3,175.44	15	3.14	18	1.88	4	99.73	7	54.55	Houston, TX
85,281.61	36	2.51	30	1.03	36	2137.14	29	836.27	1,118.71	28	2.26	28	1.48	31	25.29	26	15.46	Indianapolis, IN
78,615.90	13	2.93	22	1.29	26	2300.97	24	952.15	793.26	20	2.62	9	2.40	36	20.80	23	17.00	Jacksonville, FL
82,999.30	59	2.26	40	0.72	50	1874.69	40	573.26	1,296.88	29	2.20	38	1.06	28	28.52	30	13.01	Kansas City, MO-KS
84,058.42	54	2.30	5	1.84	46	1931.88	8	1419.57	1,119.39	2	5.81	1	5.31	10	65.03	10	46.96	Las Vegas, NV
101,952.36	45	2.41	18	1.41	19	2461.38	12	1340.28	7,780.22	38	1.91	39	1.06	1	148.66	1	78.49	Los Angeles, CA
78,190.71	20	2.79	29	1.04	32	2179.62	31	774.95	757.90	48	1.38	46	0.58	48	10.46	44	4.27	Louisville, KY-IN
83,504.40	16	2.87	16	1.43	23	2398.62	16	1115.86	796.88	42	1.76	42	0.80	42	14.02	43	6.13	Memphis, TN-MS-AR
85,577.02	28	2.68	32	0.93	27	2296.24	32	762.05	3,201.04	16	2.91	13	2.26	7	93.06	3	65.00	Miami, FL
88,490.69	40	2.45	31	0.99	34	2169.29	28	838.57	1,015.79	47	1.41	52	0.30	41	14.29	46	3.01	Milwaukee, WI
102,364.62	47	2.39	12	1.50	20	2443.63	7	1428.03	2,285.77	23	2.50	31	1.34	13	57.24	15	28.62	Minneapolis, MN
63,808.65	27	2.70	6	1.83	56	1722.77	18	1068.23	70.57	45	1.63	17	2.01	60	1.15	53	1.29	Morgantown, WV
100,018.08	24	2.75	54	0.22	11	2746.95	54	216.98	195.73	1	5.94	2	5.16	45	11.63	37	8.03	Naples, FL
85,878.13	10	3.00	7	1.79	16	2572.26	9	1413.61	1,003.71	18	2.85	16	2.03	26	28.56	22	18.47	Nashville, TN
78,282.19	32	2.58	10	1.66	39	2017.36	14	1198.25	812.31	44	1.70	35	1.10	43	13.78	36	8.45	New Orleans, LA
112,224.74	12	2.94	43	0.63	4	3303.29	35	687.00	10,518.82	55	0.84	47	0.46	8	88.44	9	47.04	New York, NY-NJ-PA
73,024.93	41	2.45	33	0.85	54	1787.37	37	592.33	747.51	36	1.93	37	1.07	40	14.44	39	7.62	Oklahoma City, OK
72,311.09	34	2.52	34	0.85	53	1820.78	38	590.33	1,282.46	4	4.35	4	3.66	17	55.74	12	39.64	Orlando, FL
97,240.60	19	2.80	15	1.44	12	2717.91	13	1308.10	3,409.17	52	1.13	43	0.72	22	38.38	17	23.62	Philadelphia, PA-NJ-DE-MD
78,579.47	50	2.36	44	0.62	51	1856.89	46	473.97	2,289.60	5	4.20	5	3.27	6	96.08	4	64.34	Phoenix, AZ
79,869.75	35	2.52	21	1.30	40	2010.48	23	972.78	1,410.51	59	0.56	54	0.11	53	7.93	51	1.52	Pittsburgh, PA
82,690.43	43	2.42	51	0.33	42	1998.90	52	265.53	1,316.80	19	2.81	32	1.26	23	36.98	25	15.58	Portland, OR-WA
83,072.02	30	2.62	8	1.79	33	2172.95	11	1364.58	897.39	54	0.96	41	0.86	51	8.65	40	7.40	Providence, RI-MA
85,816.80	17	2.84	13	1.48	21	2435.97	15	1181.03	764.94	27	2.38	29	1.41	38	18.18	35	10.08	Richmond, VA
74,820.47	60	1.93	41	0.67	60	1443.46	44	486.30	1,731.22	10	3.47	3	4.24	12	60.00	5	60.55	Riverside, CA
85,694.11	56	2.28	23	1.29	44	1953.18	20	1037.59	1,244.84	13	3.35	7	2.65	21	41.64	14	29.13	Sacramento, CA
91,468.84	42	2.45	27	1.13	29	2243.16	22	982.29	757.95	14	3.22	26	1.52	35	24.40	34	10.70	Salt Lake City, UT
77,209.83	23	2.76	42	0.64	37	2133.21	45	480.93	1,085.17	25	2.46	21	1.69	30	26.66	24	16.89	San Antonio, TX
105,139.54	33	2.58	2	2.54	13	2710.63	1	2371.79	1,949.95	17	2.87	12	2.28	16	55.93	11	39.84	San Diego, CA
126,275.49	11	2.97	52	0.33	2	3753.04	47	411.22	2,787.89	43	1.73	57	-0.05	18	48.21	58	-1.27	San Francisco, CA
140,617.90	1	3.27	60	-0.53	1	4595.16	60	-758.29	1,170.08	26	2.44	60	-1.48	27	28.55	60	-18.74	San Jose, CA
79,037.53	22	2.77	58	-0.29	31	2188.45	58	-234.91	422.47	6	4.16	6	3.06	39	17.57	32	11.21	Sarasota, FL
75,880.44	8	3.02	14	1.47	28	2294.67	19	1039.95	191.07	39	1.88	19	1.87	57	3.60	45	3.27	Savannah, GA
101,068.27	21	2.78	11	1.55	9	2810.50	5	1452.34	2,158.25	21	2.60	40	1.00	14	56.03	20	20.48	Seattle, WA
84,031.91	48	2.39	24	1.29	41	2007.16	21	1019.59	1,716.23	46	1.62	44	0.65	29	27.81	33	10.85	St. Louis, MO-IL
72,585.98	55	2.30	26	1.19	58	1666.59	30	815.97	382.62	57	0.77	51	0.33	58	2.96	54	1.26	Syracuse, NY
70,440.70	51	2.36	35	0.85	59	1661.55	39	577.53	1,650.97	11	3.39	10	2.33	15	55.98	13	34.48	Tampa, FL
77,802.25	38	2.50	56	-0.04	45	1947.04	56	-28.90	554.21	32	2.06	49	0.40	47	11.39	50	2.20	Tulsa, OK
84,382.45	18	2.82	1	2.61	24	2375.94	2	1949.03	1,039.10	40	1.86	23	1.55	37	19.33	27	14.96	Virginia Beach, VA
119,381.04	25	2.73	9	1.68	5	3261.97	3	1854.65	3,828.16	22	2.60	14	2.13	5	99.68	2	73.55	Washington, DC-VA-MD-WV
		2.65		0.99		2332.23		798.52			2.37		1.44		37.69		19.36	Average

Data is based upon Combined Metropolitan Statistical Areas (CMSA)

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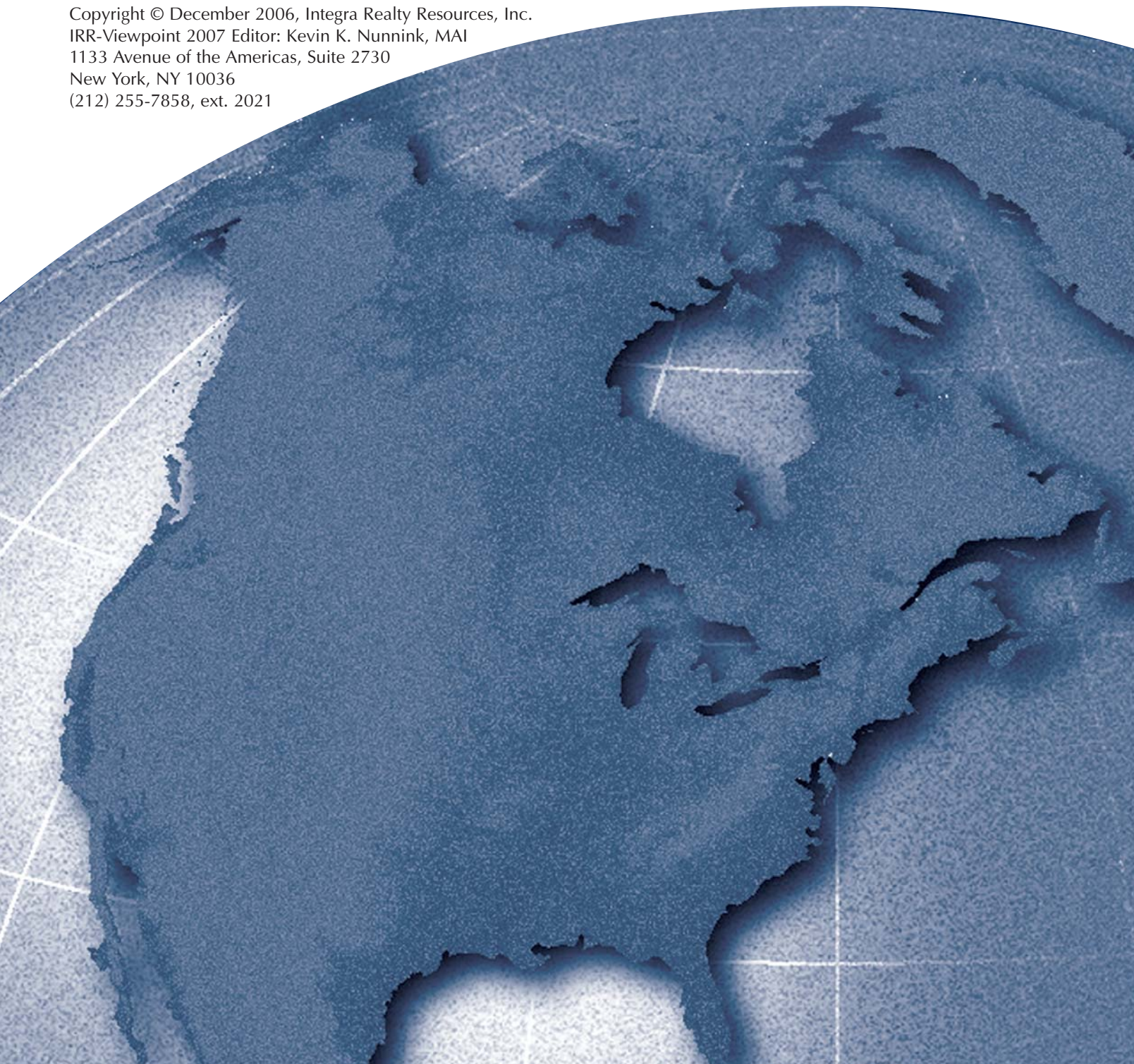
Integra Realty Resources would like to recognize the efforts of the following people in the completion of IRR-Viewpoint 2007.

Integra Realty Resources – Corporate
Michael S. Miller, Director of Business Information and Development

Integra Realty Resources – Kansas City
Jerome A. Riemann, Senior Analyst
Carrie W. Coulson, Analyst



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IRR-Viewpoint 2007 Editor: Kevin K. Nunnink, MAI
1133 Avenue of the Americas, Suite 2730
New York, NY 10036
(212) 255-7858, ext. 2021



INTEGRA REALTY RESOURCES, INC. LOCAL OFFICES

CORPORATE OFFICE

Jeffrey Rogers — President & COO
1133 Avenue of Americas, 27th Floor
New York, NY 10036
212-255-7858 FAX: 646-424-1869
E-mail: jrogers@ir.com

VIEWPOINT EDITOR-IN-CHIEF

Kevin K. Nunnink, MAI
1901 W. 47th Place, Suite 300
Westwood, KS 66205
913-748-4700 FAX: 913-236-4307
E-mail: knunnink@ir.com

ATLANTA, GA

J. Carl Schultz, Jr., MAI, SRA, CRE
1795 Peachtree Street NE, Suite 200A
Atlanta, GA 30309-2338
404-836-7922 FAX: 404-897-1053
E-mail: cschultz@ir.com

ATLANTIC COAST NEW JERSEY

Anthony S. Graziano, MAI, CRE
1415 Hooper Avenue, Suite 202
Toms River, NJ 08753-2887
732-244-7000 FAX: 732-505-9498
E-mail: agraziano@ir.com

AUSTIN, TX

Randy A. Williams, MAI, SR/WA
3700 W. Parmer Lane, Suite 101
Austin, TX 78727
512-459-3440 FAX: 512-459-4423
E-mail: rawilliams@ir.com

BALTIMORE, MD

G. Edward Kerr, MAI
Padonia Centre
30 E. Padonia Road, Suite 302
Baltimore, MD 21093-2345
410-561-9320 FAX: 410-561-9322
E-mail: ekerr@ir.com

BOISE, ID

Bradford T. Knipe, MAI, CRE, ARA
RiverWalk Center
1661 W. Shoreline Drive, Suite 200
Boise, Idaho 83702
208-342-2500 FAX: 208-342-2220
E-mail: bknipe@ir.com

BOSTON, MA

David L. Cary, MAI, SRA, CRE
313 Congress Street, Suite 100
Boston, MA 02210
617-451-9110 FAX: 617-451-0039
E-mail: dcary@ir.com

CHARLOTTE, NC

Fitzhugh L. Stout, MAI, CRE
1919 South Boulevard, Suite 102
Charlotte, NC 28203
704-376-0295 FAX: 704-342-3704
E-mail: fstout@ir.com

CHICAGO, IL

Jeffrey G. Pelegrin, MAI
190 South LaSalle Street, Suite 3050
Chicago, IL 60603
312-922-8500 FAX: 312-922-8501
E-mail: jpelegrin@ir.com

CHICAGO, IL

Gary DeClark, MAI, CRE, FRICS
566 West Lake Street, Suite 320
Chicago, IL 60661
312-346-3200 FAX: 312-228-4908
E-mail: gdeclark@ir.com

CINCINNATI, OH

Gary S. Wright, MAI
8241 Cornell Road, Suite 210
Cincinnati, OH 45249-2235
888-561-2305 FAX: 513-561-2881
E-mail: gwright@ir.com

COLUMBIA, SC

Michael B. Dodds, MAI, CCIIM
500 Lawand Dr., 2nd Floor
Columbia, SC 29210
803-772-8282 FAX: 803-772-0087
E-mail: mdodds@ir.com

COLUMBUS, OH

Bruce A. Daubner, MAI
1900 Crown Park Court
Columbus, OH 43235
614-451-3211 ext. 114 FAX: 614-451-9599
E-mail: bdaubner@ir.com

DALLAS, TX

Mark R. Lamb, MAI, CPA
Park Central 7
12750 Merit Drive, Suite 801
Dallas, TX 75251
972-960-1222 FAX: 972-960-2922
E-mail: mlamb@ir.com

DAYTON, OH

Gary S. Wright, MAI
4197 Research Boulevard
Beavercreek, OH 45430-2203
888-561-2305 FAX: 513-561-2881
E-mail: gwright@ir.com

DENVER, CO

Brad A. Weiman, MAI
2000 S. Colorado Blvd., Suite 10800 Tower 1
Denver, CO 80222
303-300-3320 FAX: 303-300-3789
E-mail: bweiman@ir.com

DETROIT, MI

Anthony Sanna, MAI, CRE
400 West Maple, Suite 100
Birmingham, MI 48009-3351
248-540-0040 FAX: 248-540-8239
E-mail: asanna@ir.com

FORT WORTH, TX

Donald J. Sherwood, MAI, SR/WA
930 West First Street, Suite 303
Fort Worth, TX 76102
817-332-5522 FAX: 817-336-1621
E-mail: dsherwood@ir.com

GREENVILLE, SC

A. Keith Batson, MAI
17 Sumner Street
Greenville, SC 29601
864-282-0001 FAX: 864-232-2360
E-mail: kbatson@ir.com

HARTFORD, CT

Mark F. Bates, MAI, CRE, FRICS
64 Pratt Street, 2nd Floor
Hartford, CT 06103
860-246-3888 FAX: 860-246-3931
E-mail: mbates@ir.com

HOUSTON, TX

David R. Dominy, MAI
5718 Westheimer, Suite 1100
Houston, TX 77057
713-243-3300 FAX: 713-243-3301
E-mail: ddominy@ir.com

INDIANAPOLIS, IN

Michael C. Lady, MAI, SRA, CCIIM
4981 N. Franklin Road
Indianapolis, IN 46226
317-546-4720 FAX: 317-546-1407
E-mail: mlady@ir.com

KANSAS CITY, MO/KS

Kenneth Jaggars, MAI
1901 West 47th Place, Suite 300
Westwood, KS 66205-1834
913-748-4704 FAX: 913-236-4307
E-mail: kjaggars@ir.com

LAS VEGAS, NV

Shelli L. Lowe, MAI
8367 West Flamingo Road, Suite 100
Las Vegas, NV 89147
702-869-0442 FAX: 702-869-0955
E-mail: slowe@ir.com

LOS ANGELES, CA

John G. Ellis, MAI, CRE
20720 Ventura Blvd., Suite 240
Woodland Hills, CA 91364-6264
818-593-7200 FAX: 818-593-7201
E-mail: jellis@ir.com

LOUISVILLE, KY

George M. Chapman, MAI, CRE, FRICS
3703 Taylorsville Road, Suite 205
Louisville, KY 40220
502-452-1543 FAX: 502-451-3657
E-mail: gchapman@ir.com

MEMPHIS, TN

J. Walter Allen, MAI
4934 William Arnold Road
Memphis, TN 38117
901-866-4934 FAX: 901-767-4918
E-mail: wallen@ir.com

MIAMI, FL

Michael Y. Cannon, MAI, SRA, CRE
9400 S. Dadeland Boulevard, PH-1
Miami, FL 33156-2817
305-670-0001 FAX: 305-670-2276
E-mail: mcannon@ir.com

MILWAUKEE, WI

Sean Reilly, MAI
Plaza East Office Center
330 E. Kilbourn Ave., Suite 1145
Milwaukee, WI 53202
414-727-2966 FAX: 414-727-2970
E-mail: sreilly@ir.com

MINNEAPOLIS, MN

Michael F. Amundson, MAI, CCIIM
8012 Old Cedar Avenue South
Minneapolis, MN 55425
612-339-7700 FAX: 612-339-7937
E-mail: mamundson@ir.com

MORGANTOWN, WV

Thomas A. Motta, MAI
714 Venture Drive, PMB 179
Morgantown, WV 26508-7306
304-864-8660 FAX: 304-864-7817
E-mail: tmotta@ir.com

NAPLES, FL

Thomas Tippet, MAI
4795 Enterprise Avenue
Naples, FL 34104-7042
239-643-6888 ext. 214 FAX: 239-643-6871
E-mail: tippet@ir.com

NASHVILLE, TN

R. Paul Perutelli, MAI, SRA
5123 Virginia Way, Suite B-23
Brentwood, TN 37027
615-377-9715 ext. 1 FAX: 615-377-9975
E-mail: pperutelli@ir.com

NEW YORK, NY

Raymond T. Cirz, MAI, CRE, FRICS
1133 Avenue of Americas, 27th Floor
New York, NY 10036
212-255-7858 FAX: 646-424-1869
E-mail: rcirz@ir.com

NORTHERN NEW JERSEY

Barry J. Krauser, MAI, CRE, FRICS
110 S. Jefferson Road, 2nd Floor
Whippany, NJ 07981
973-538-3188 FAX: 973-515-2999
E-mail: bkrauser@ir.com

ORANGE COUNTY, CA

Larry D. Webb, MAI
29811 Santa Margarita Parkway, Suite 300
Rancho Santa Margarita, CA 92688-3612
949-709-7200 FAX: 949-709-7201
E-mail: lwebb@ir.com

ORLANDO, FL

Charles J. Lentz, MAI
28 West Central Boulevard, Suite 300
Orlando, FL 32801-2431
407-843-3377 FAX: 407-841-3823
E-mail: clentz@ir.com

PHILADELPHIA, PA

Joseph D. Pasquarella, MAI, CRE, FRICS
200 South Broad Street, Suite 510
Philadelphia, PA 19102
215-587-6000 FAX: 215-587-6007
E-mail: jpasquarella@ir.com

PHOENIX, AZ

Walter Winius, Jr., MAI, CRE, FRICS
5225 North Central Ave., Suite 235
Phoenix, AZ 85012
602-266-5599 FAX: 602-266-1515
E-mail: wwinius@ir.com

PITTSBURGH, PA

Paul D. Griffith, MAI
2591 Wexford-Bayne Rd., Suite 102
Sewickley, PA 15143
724-742-3324 FAX: 724-742-3390
E-mail: pgriffith@ir.com

PORTLAND, OR

Brian A. Glanville, MAI, CRE
812 SW Washington St., Suite 850
Portland, OR 97205-3231
503-478-1002 FAX: 503-274-8630
E-mail: bglanville@ir.com

PROVIDENCE, RI

Gerard H. McDonough, MAI
365 Eddy Street
Providence, RI 02903
401-273-7710 FAX: 401-273-7410
E-mail: gmcdonough@ir.com

RICHMOND, VA

Kenneth L. Brown, MAI, CCIIM
4447 Cox Road
Glen Allen, VA 23060-3326
804-346-2600 FAX: 804-747-9140
E-mail: kbrown@ir.com

SACRAMENTO, CA

Scott Beebe, MAI
1708 Q Street
Sacramento, CA 95814
916-554-6492 FAX: 916-554-6493
E-mail: sbeebe@ir.com

SALT LAKE CITY, UT

Darrin W. Liddell, MAI, CCIIM
990 South 900 East, Suite 200
Salt Lake City, Utah 84117
801-263-9700 FAX: 801-263-9709
E-mail: dliddell@ir.com

SAN ANTONIO, TX

Martyn C. Glen, MAI, CRE, FRICS
115 East Travis St., Suite 616
San Antonio, TX 78205
210-225-7700 FAX: 210-225-6800
E-mail: mglen@ir.com

SAN DIEGO, CA

Jeff Greenwald, MAI
990 Highland Drive, # 312
Solana Beach, CA 92075
858-259-4900 FAX: 858-259-4910
E-mail: jgreenwald@ir.com

SAN FRANCISCO, CA

Jan Kleczewski, MAI
101 Montgomery Street, Suite 1800
San Francisco, CA 94104
415-248-5000 FAX: 415-248-0080
E-mail: jkleczewski@ir.com

SARASOTA, FL

Julian L. H. Stokes, MAI, CRE, CCIIM
3307 Clark Road, Suite 101
Sarasota, FL 34231
941-923-8588 FAX: 941-923-8893
E-mail: jstokes@ir.com

SAVANNAH, GA

J. Carl Schultz, Jr., MAI, SRA, CRE
145 Bull Street
Savannah, GA 31401
912-234-4647 FAX: 912-233-1773
E-mail: cschultz@ir.com

SEATTLE, WA

Allen N. Safer, MAI
600 University Street, Suite 310
Seattle, WA 98101
206-903-6700 FAX: 206-623-5731
Email: asafer@ir.com

SYRACUSE, NY

William J. Kimball, MAI
120 East Washington Street, Suite 525
Syracuse, NY 13202
315-422-5577 FAX: 315-422-5295
E-mail: wkimball@ir.com

TAMPA, FL

Bradford L. Johnson, MAI
550 North Rao Street, Suite 220
Tampa, FL 33609
813-287-1000 FAX: 813-281-0681
E-mail: bljohnson@ir.com

TULSA, OK

Robert E. Gray, MAI
6940 South Ulica Avenue, Suite 100
Tulsa, OK 74136
918-492-4844 FAX: 918-493-7155
E-mail: bgray@ir.com

WASHINGTON, DC

Patrick C. Kerr, MAI, SRA
Calverton Tower, Suite 1330
11785 Beltsville Drive
Calverton, MD 20705-4025
301-586-9320 FAX: 301-586-9322
E-mail: pkerr@ir.com

WILMINGTON, DE

Douglas L. Nickel, MAI
1013 Centre Road, Suite 201A
Wilmington, DE 19805-1265
302-998-4030 FAX: 302-998-4031
Email: dnickel@ir.com

INTERNATIONAL OFFICE

IRR de Mexico/International Office

Oscar J. Franck — Managing Director
2549-B Eastbluff Dr., #466-B
Newport Beach, CA 92660
Tel: (949) 644-2833 Fax: (949) 644-2932
E-mail: ofranck@ir.com