

**NATIONAL
DISTRIBUTION MARKET:
CURRENT CONDITIONS AND FORECAST**

Prepared For:

CUSTOMERS AND FRIENDS OF THE FIRM

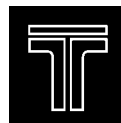
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SUMMARY: NATIONAL DISTRIBUTION MARKET

Steady Economic Growth

The U.S. economy continues to grow at a steady pace. Business spending is ramping up, the housing market is on fire, and consumer spending continues to rise. However, our proclivity to overspend – skyrocketing home prices, budget and trade deficits – could ultimately disrupt our economic expansion sooner than previously anticipated.

Distribution Market Definition and Scale

For these purposes, Distribution product is defined as those warehouse buildings that possess characteristics of at least 22 foot clear ceiling height and 100,000 SF floor area. This definition of Distribution product accounts for 28% of all existing warehouse space. In the 18 metro markets tracked herein, there is a standing inventory of 1.6 billion SF of Distribution warehouse product.

Distribution Market Demand Drivers

Our population growth is a predominant factor impacting demand for Distribution space. Not only does our growing population require distribution of more goods, but it drives demand for imports, which drives more demand for Distribution space. In addition, steady economic growth, better Supply Chain Management, and obsolescence of older product are fueling the need for more Distribution space. Demand drivers:

- 1) Population Growth
- 2) Consumerism
- 3) Imports
- 4) Economic Growth/Corporate Profits
- 5) Supply Chain Management
- 6) Obsolescence of Older Product

Distribution Market Review

The National Distribution Market is moving into high gear, with absorption of space ramping up, vacancy declining rapidly, and rents beginning to rise around the country. **Net absorption** totaled 70.6 million SF in the 18 markets reported herein in 2004. And through the first four months of 2005, net absorption totaled 23.2 million SF – an annualized total of approximately 70 million SF.

The overall Distribution space **vacancy rate declined** to 12.5% in the Spring of 2005, from 12.8% at year-end 2004 and 15.2% at year-end 2003. As a result, **new construction** activity is beginning to rise in many markets around the country. However, we believe that demand over the next several years will outpace new supply. As a result, we expect the vacancy rate to continue declining.

Distribution space **rents increased** 1.5% nationally in 2004, with half of the markets reported herein experiencing rent gains, as demand rose and vacancy dropped. The following markets have experienced the strongest conditions over the past 18 months:

- LA Basin
- Northern New Jersey
- Chicago
- South Florida
- Houston
- Atlanta

Distribution Market Outlook

We expect demand for Distribution space to remain robust through the end of the decade, as our population continues to swell, consumer spending and imports continue to rise, and our economy maintains steady growth. We expect the 18 markets tracked herein to **absorb** approximately 55 million square feet per annum from 2005-2010. This compares to

50 million square feet per annum in the 1990s. We expect the **vacancy rate** to settle in the 11% range by 2010, as the pipeline of new supply increases. We expect **rent growth** nationally for Distribution space to average 2% to 3% per annum, or about the rate of inflation, from 2005 to 2010. Over the next five years, we expect the following markets to experience the strongest conditions:

- **LA Basin**
- **Dallas/Ft. Worth**
- **Atlanta**
- **Northern New Jersey**
- **Chicago**
- **South Florida**
- **Seattle**

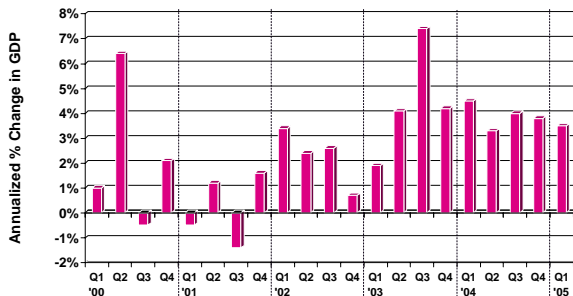
THE NATIONAL ECONOMY MID-YEAR 2005

Steady Growth Continues, but Culture of Excess Leads to Risky Environment

The U.S. economy continues to grow at a steady pace. Business spending is ramping up, the housing market is on fire, and consumer spending continues to rise. However, our proclivity to overspend – skyrocketing home prices (does anyone remember the tech bubble five years ago?), budget and trade deficits – could ultimately disrupt our economic expansion.

The **housing** market remains very strong, with both existing and new home sales continuing to set records – in spite of sharply rising prices. Mortgage rates remain low – below 6% – which is helping to fuel the market, in tandem with favorable demographic trends and weak alternative investment options.

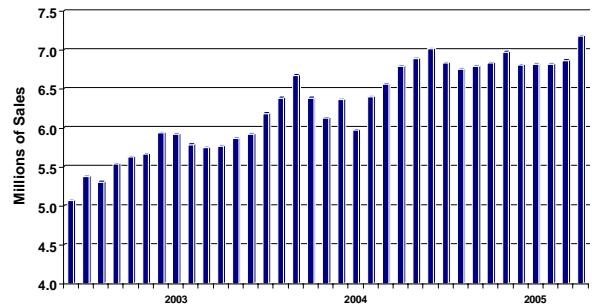
Growth of Gross Domestic Product



Source: Bureau of Economic Analysis; June 2005.

Business spending on high-tech equipment and software continues to increase sharply. Spending in this category is well above the previous peak period in 2000. As a result, companies are hiring at a steady pace to fulfill demand.

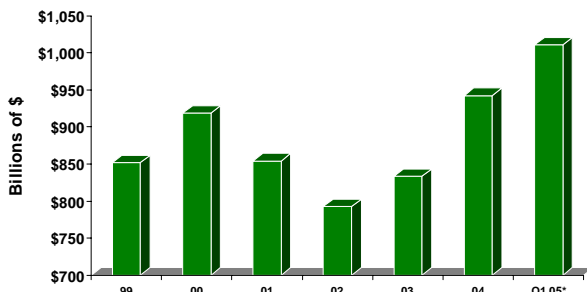
Existing Home Sales



Source: National Association of Realtors; June 2005. Note: Annualized

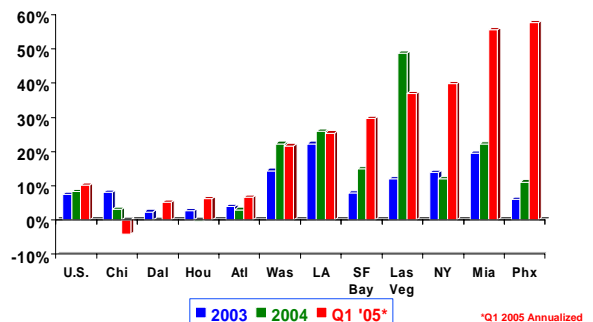
But have **home prices** risen too high, too fast? Home prices jumped 49% in Las Vegas last year and are on pace to leap more than 55% this year in Phoenix and Miami. And what about the prevalence of interest-only loans and adjustable rate mortgages? ARMs accounted for 35% of all home loans in 2004, compared to 18% in 2003. These signals may indicate trouble in the near future.

Capital Investment In Equipment and Software



Source: Department of Commerce; June 2005. *Annualized

Annual Escalation of Existing Home Sale Prices

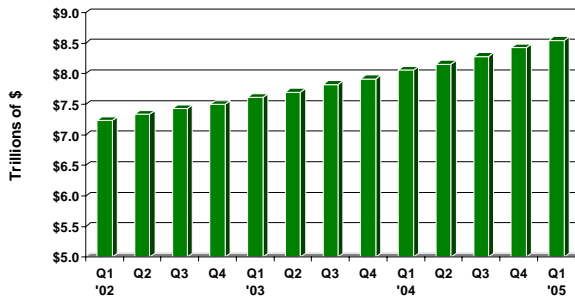


Source: National Association of Realtors; June 2005. *Q1 2005 Annualized

Consumer spending, which supports two-thirds of our economy, continues to increase at an average rate of 5.5% per annum since 2001. However, personal income is rising by 3.6% per annum, which means consumer debt continues to rise.



Consumer Spending

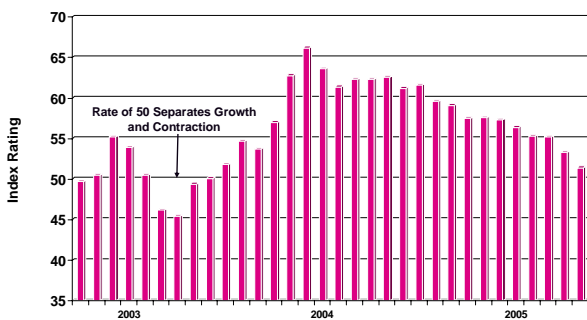


Source: Bureau of Economic Analysis; June 2005. Note: Annualized

The **Manufacturing** sector has grown for 24 consecutive months through May 2005, although the rate of growth has steadily slowed over the past 18 months. In addition, manufacturing employment is contracting again, after a year of growth. High energy costs are one factor restraining growth in this sector.



Purchasing Manager's Index

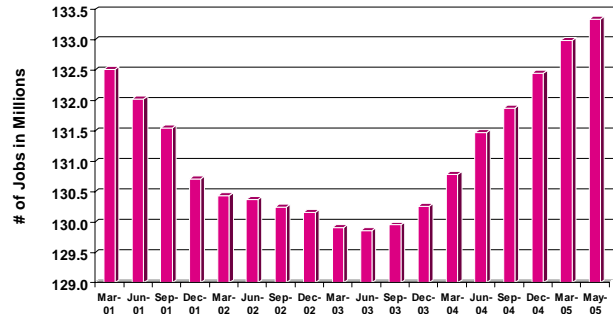


Source: Institute for Supply Management; June 2005.

Payroll jobs rose by 2.0 million over the 12 months ending in May and by 3.5 million over the past two years. The Professional/Business Services sector accounts for nearly one-quarter of the new jobs; Education/Health nearly 20%. Meanwhile, the Telecom sector has actually added 4,000 jobs in 2005.



U.S. Payroll Jobs

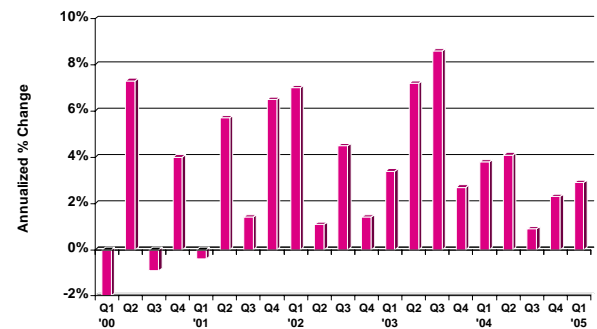


Source: Bureau of Labor Statistics; June 2005.

Our rate of **productivity** growth has risen at historic averages – at approximately 2% to 3% per annum over the past 18 months.



Increase in U.S. Productivity

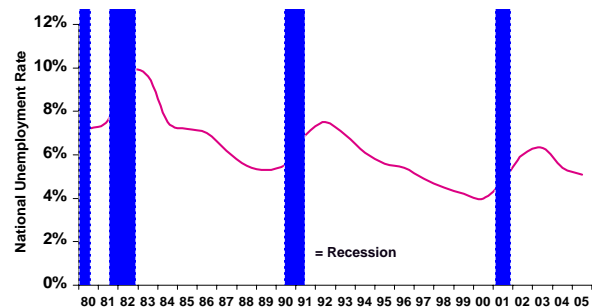


Source: Bureau of Labor Statistics; June 2005.

The **unemployment rate** has drifted down to 5.1% as of May 2005. And the 4-week moving average of initial unemployment claims remains low, at 332,000 in early June.



U.S. Unemployment Rate

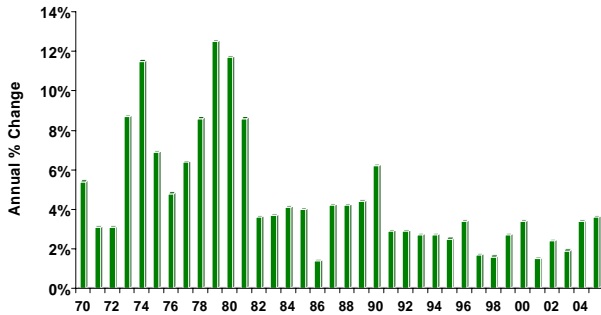


Source: BLS, Bureau of Economic Analysis; June 2005.

Inflation continues to rise at a moderate pace in 2005, with energy, transportation and medical costs fueling the rise. Oil prices remain above \$50 per barrel and with China continuing to grow at a rapid rate, oil prices will likely remain high. In spite of higher energy costs, core inflation is expected to remain at a moderate level.



U.S. Inflation

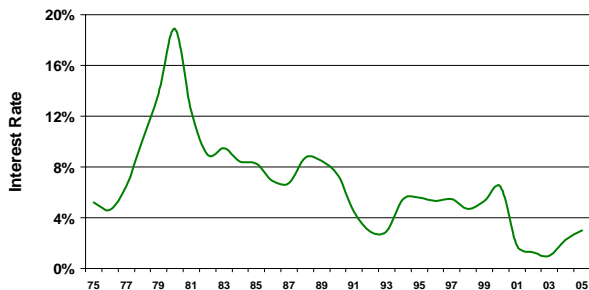


Source: Bureau of Labor Statistics; June 2005.

With the economy growing steadily, the Fed has raised short-term **interest rates** at a measured rate to stave off higher inflation. Rates are currently at 3.0% and are likely to be raised close to 4.0% by year-end.



Federal Funds Rate



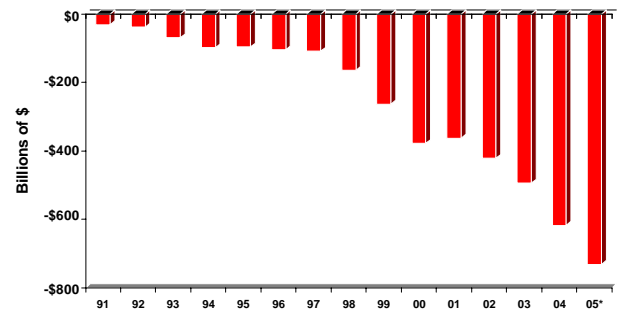
Source: Federal Reserve Board; June 2005.

Our **Trade deficit** continues to balloon in 2005, while our **Budget deficit** is projected to moderate slightly. These twin deficits cause concern among some world investors; as a result:

1. We need to rein in our deficits in order to assure economic stability.
2. We can count on higher long-term interest rates in the period ahead.



U.S. Trade Deficit

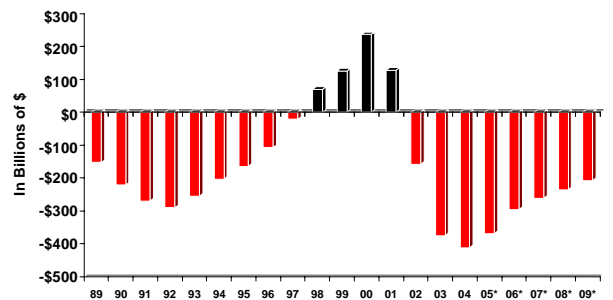


Source: U.S. Census Bureau; June 2005.

* Annualized



National Budget Deficit



Source: OMB, CBO; June 2005.

* Projected

The **stock market** – as measured by the Dow – has bounced around between 10,000 and 11,000 over the past 18 months. Will steady corporate profits and job growth push it past 11,000? And if so, will renewed interest in stocks lure investors away from real estate?



Dow Jones Industrial Average

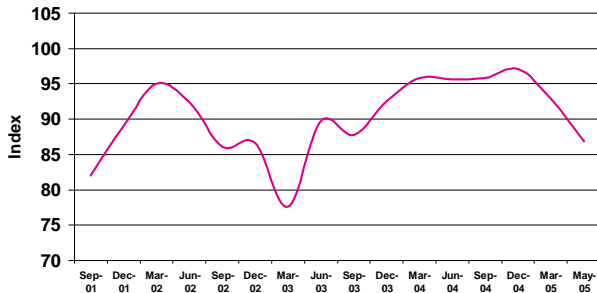


Source: Dow Jones; June 2005.

Consumer confidence has fallen substantially in 2005, primarily as a result of high energy costs. In addition, the stubborn insurgency in Iraq continues to weigh on the public's mood.



Consumer Sentiment

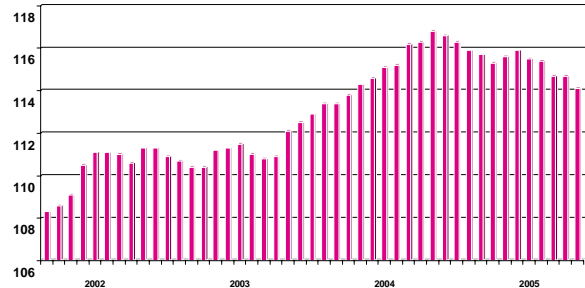


Source: University of Michigan; June 2005.

The **Leading Economic Indicators** have declined steadily in 2005, with deterioration broad-based among the indicators. The outlook of this index is that our economic growth will slow this Fall.



Leading Economic Indicators Index



Source: The Conference Board; June 2005.

1996 = 100

Economic Outlook

We expect the national economy will maintain steady growth through 2006, as robust business spending and strong payroll job growth sustain positive momentum. However, continued excessive spending on housing, personal consumption, and public debt could end our cycle of growth sooner than previously anticipated.

National Payroll Job Growth

U.S. payroll job growth remains strong, adding 2.0 million over the 12 months ending May 2005.

	<u>12-Month Job Change thru May</u>	<u>12-Month % Change thru May</u>
2005	1,974,000	1.5%
2004	1,546,000	1.2%
2003	(499,000)	-0.4%
2002	(1,861,000)	-1.4%
2001	305,000	0.2%
2000	3,289,000	2.6%

12-MONTH PAYROLL EMPLOYMENT CHANGE THROUGH APRIL 2005

Metro Area	Job Change		Metro Area	Job Change	
	#	%		#	%
Washington, DC	84,500	3.0%	Austin	16,700	2.5%
New York	82,300	1.0%	Baltimore	16,700	1.3%
LA Basin			San Diego	15,200	1.2%
Riverside/San Bernardino	24,000	2.1%	Minneapolis-St. Paul	14,300	0.8%
Los Angeles	23,400	0.6%	Jacksonville	14,000	2.4%
Orange County	<u>21,500</u>	<u>1.5%</u>	Raleigh-Durham	13,200	1.9%
Subtotal LA Basin	68,900	1.0%	Nashville	12,700	1.8%
Phoenix	63,300	3.8%	Atlanta	12,600	0.6%
Las Vegas	59,300	7.4%	Bay Area		
South Florida			Oakland	7,900	0.8%
Miami	21,200	2.1%	San Francisco	6,900	0.7%
Fort Lauderdale	19,900	2.8%	San Jose	<u>(2,200)</u>	<u>-0.3%</u>
West Palm Beach/Boca Raton	<u>14,400</u>	<u>2.6%</u>	Subtotal Bay Area	12,600	0.4%
Subtotal South Florida	55,500	2.4%	Indianapolis	12,000	1.4%
Orlando	42,000	4.3%	San Antonio	11,600	1.5%
Dallas/Ft. Worth	38,500	1.4%	Kansas City	10,200	1.1%
Seattle	37,300	2.4%	Sacramento	9,200	1.1%
Philadelphia	35,300	1.3%	Oklahoma City	9,100	1.7%
Tampa-St. Pete	34,400	2.7%	Memphis	8,700	1.4%
Chicago	33,300	0.8%	St. Louis	8,300	0.6%
Charlotte	27,200	3.6%	Cincinnati	4,000	0.4%
Houston	26,200	1.1%	New Orleans	3,700	0.6%
Portland	22,600	2.4%	Pittsburgh	3,400	0.3%
Denver	18,100	1.6%	Cleveland	3,300	0.3%
Boston	17,600	0.7%	Columbus	3,200	0.4%
Salt Lake City	17,400	3.1%	Detroit	(21,600)	-1.1%

Source: Bureau of Labor Statistics, Delta Associates; June 2005.

NATIONAL DISTRIBUTION MARKET: CURRENT CONDITIONS AND FORECAST

Market Fundamentals Improving Nationwide

The National Distribution Market is moving into high gear, with absorption of space ramping up, vacancy declining rapidly, and rents beginning to rise around the country. Continued population growth, increased consumer spending and imports, and steady economic growth are fueling expansion in the Distribution space market.

The Distribution Market

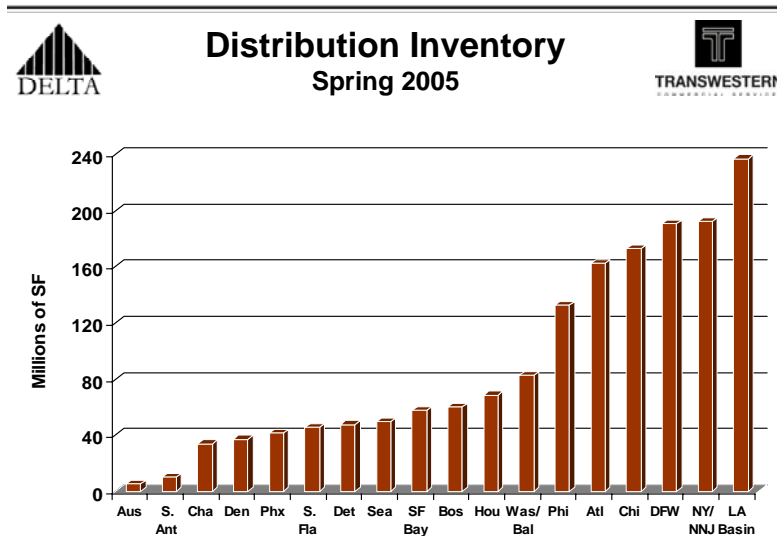
In the 18 metro markets tracked herein, there is a standing inventory of 1.6 billion SF of Distribution warehouse product. There are five super-regional distribution locations in the country, each with 160 million SF of Distribution space or more:

- LA Basin
- Dallas/Ft. Worth
- Northern New Jersey
- Chicago
- Atlanta

These markets, as well as regional and local distribution locations, are supported by seaports, rail lines, airports and interstate networks, as well as access to population centers.

Each of the super-regional Distribution markets has access to massive population centers and is supported by major interstate and rail grids, airports and relative proximity to a seaport. For example, Atlanta makes sense as a major distribution hub not only because it is a large population center, but because its intermodal efficiencies allow goods to pass from Atlanta to 95% of the entire Sunbelt in one day:

- Three major interstate highways
- Busiest U.S. airport
- Four hour truck drive to Savannah port
- CSX/Norfolk Southern rail lines



Source: Delta Associates; May 2005.

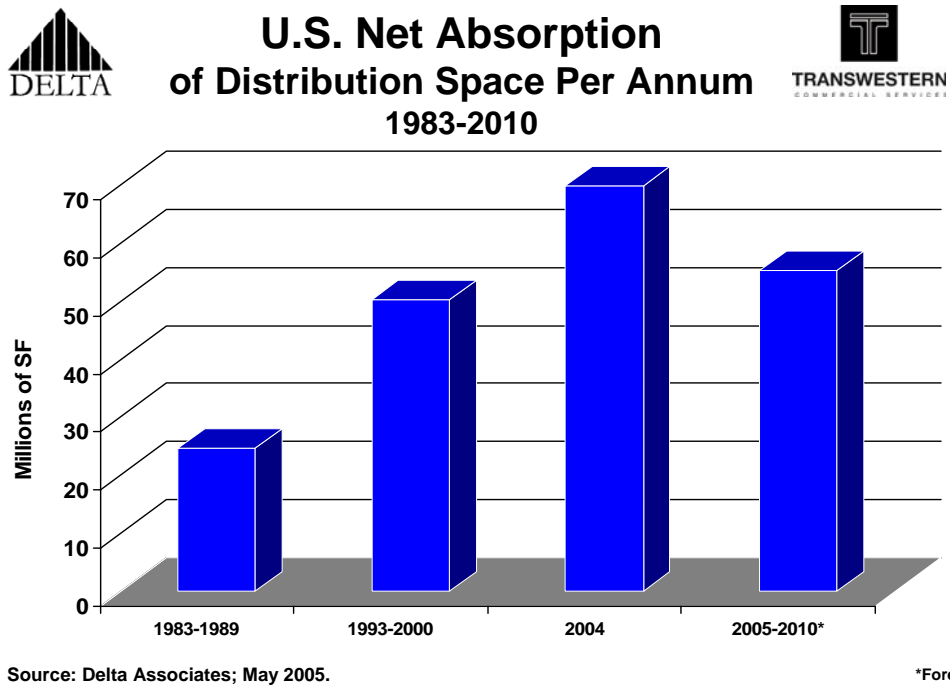
Distribution Space Net Absorption

Net absorption totaled 70.6 million SF in the 18 markets reported on herein in 2004. And through the first four months of 2005, net absorption totaled 23.2 million SF – an annualized total of approximately 70 million SF.

Economic growth remains steady, population continues to grow strongly and businesses are investing in capital goods at a healthy rate. As a result, businesses are expanding quickly. Consequently, absorption of Distribution space has ramped up and exceeds levels of the 1990s.

We expect the 18 markets tracked herein to absorb approximately 55 million square feet per annum from 2005-2010. This compares to 50 million square feet per annum in the 1990s.

The five super-regional distribution centers will continue to dominate absorption of new Distribution space. These markets will likely absorb 5 to 8 million SF each of Distribution space per annum from 2005 through 2010.



Net absorption in the **LA Basin** totaled 15 million SF in 2004 and is on pace to repeat that level in 2005. Increased trade with China is fueling much of this growth, as we import more goods from them. **Northern New Jersey, Atlanta, and Chicago** each experienced more than 8 million SF of net absorption in 2004, while activity in **Dallas/Ft. Worth** is ramping up quickly in 2005.

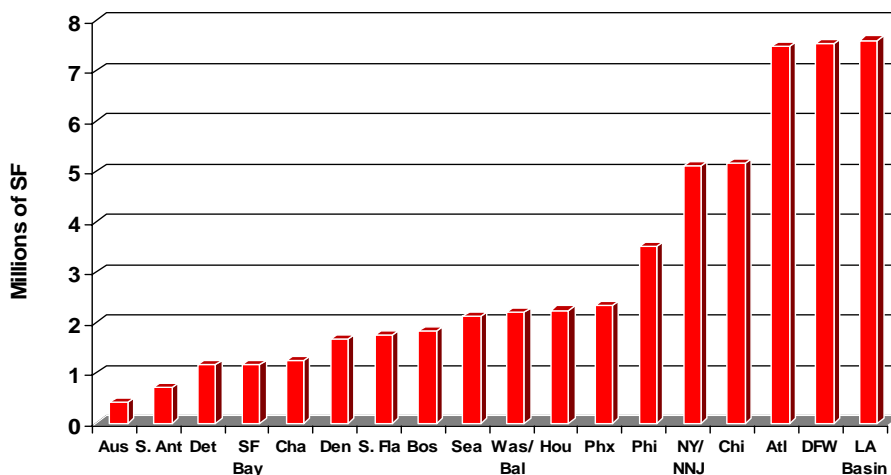
Other west coast ports are improving their facilities in order to handle the overflow cargo coming into the Ports of LA and Long Beach. And around the country, truck distributors are unable to keep pace with higher levels of demand, so markets with adequate rail service are experiencing increased demand.

Market	Net Absorption (SF)	
	2004	Jan-April 2005
LA Basin	15,065,000	5,759,000
NY/NNJ	8,540,000	2,124,000
Atlanta	8,400,000	2,024,000
Chicago	8,082,000	2,236,000
Philadelphia	4,844,000	1,747,000
Dallas/Ft. Worth	4,581,000	2,917,000
Detroit	3,338,000	798,000
Boston	2,861,000	955,000
Houston	2,854,000	753,000
Seattle	2,841,000	283,000
Phoenix	1,997,000	741,000
Charlotte	1,883,000	331,000
South Florida	1,673,000	941,000
Wash/Balt	1,537,000	256,000
SF Bay Area	1,052,000	568,000
Denver	532,000	520,000
San Antonio	334,000	137,000
Austin	241,000	101,000
Total	70,655,000	23,191,000

Source: Delta Associates, June 2005.



Distribution Space Net Absorption Per Annum 2005-2010



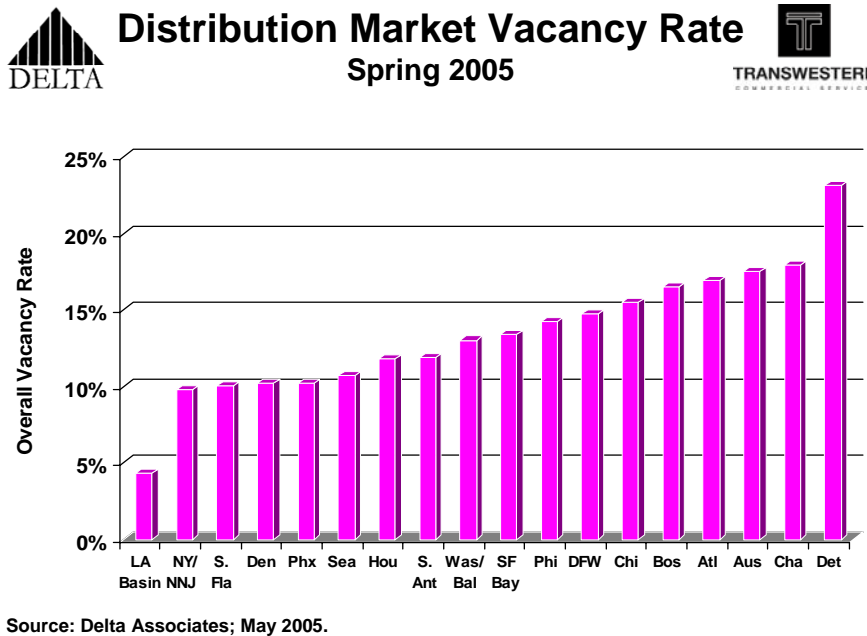
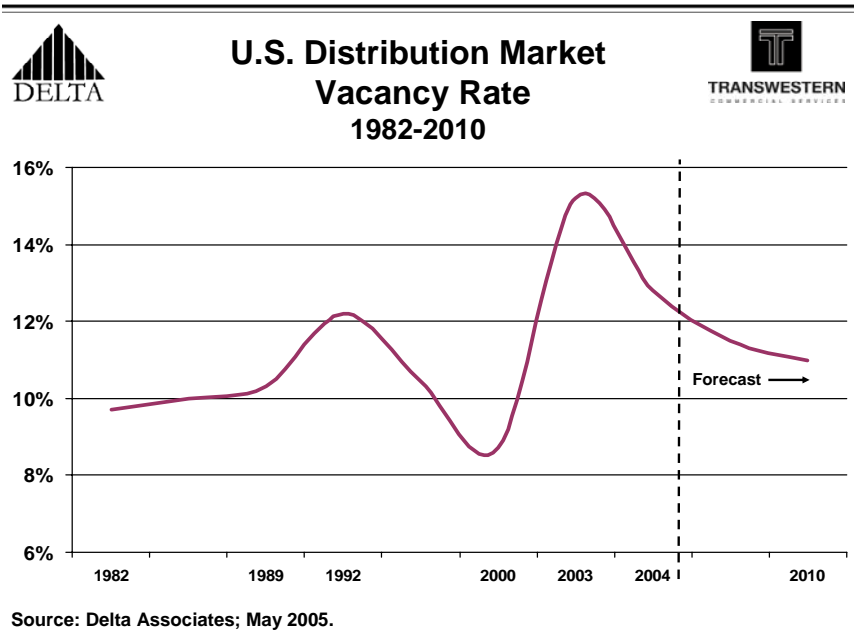
Source: Delta Associates; May 2005.

*Forecast

Distribution Space Vacancy Rate

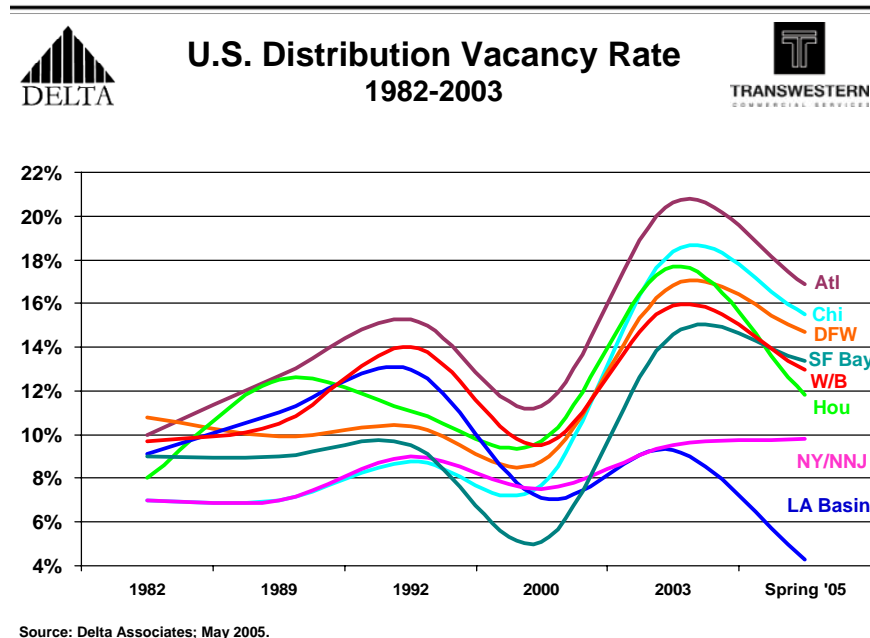
The overall Distribution space vacancy rate declined to 12.5% in the Spring of 2005, from 12.8% at year-end 2004 and 15.2% at year-end

2003. We expect the rate of decline to moderate, as the pipeline of new supply increases. We expect the vacancy rate to settle in the 11% range by 2010.



The **LA Basin** has the lowest vacancy rate in the nation, at 4.3%! This is down from 8.2% at year-end 2003. At the other end of the spectrum, **Detroit's** vacancy rate declined to

23.1% in the Spring of 2005, from 28.1% at year-end 2003. All markets experienced a decline in vacancy over the past 18 months, except for **Boston** and **Charlotte**.



Construction Activity Picking Up

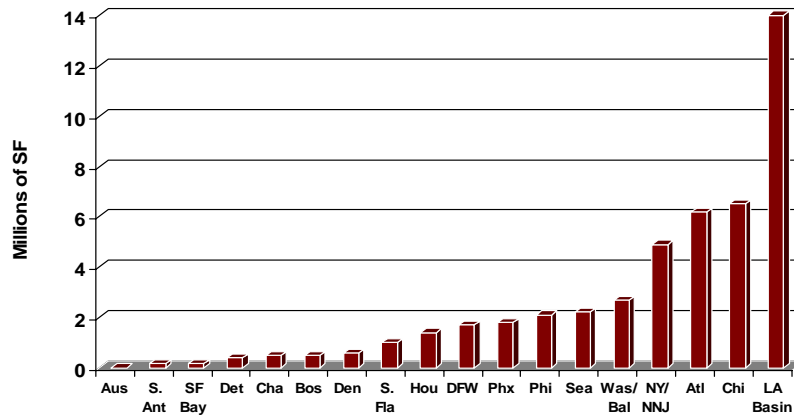
Construction activity is picking up nationwide, as demand increases and the vacancy rate declines. There is 14 million SF of Distribution space under construction in the **LA Basin** – most of that in the **Inland Empire** – where the vacancy rate has plummeted to the 4% range. 30% of this space is pre-leased. 20% to 25% of the space under construction in **Chicago, Atlanta** and **Northern New Jersey** is pre-leased.

While the level of new construction in the **LA Basin** seems extraordinary, it would take three years of this level of new construction to raise the vacancy rate to the 10% range – and that's if the Basin averaged 7.6 million SF of net absorption per annum in this period. The Basin absorbed more than 20 million SF over the past 16 months!

Construction activity is beginning to rise in most markets, but we expect demand to continue to outpace new supply through 2006. As a result, vacancy will continue to decline steadily in most markets.



Distribution Space Under Construction April 2005



Source: Delta Associates; May 2005.

Distribution Space Rents

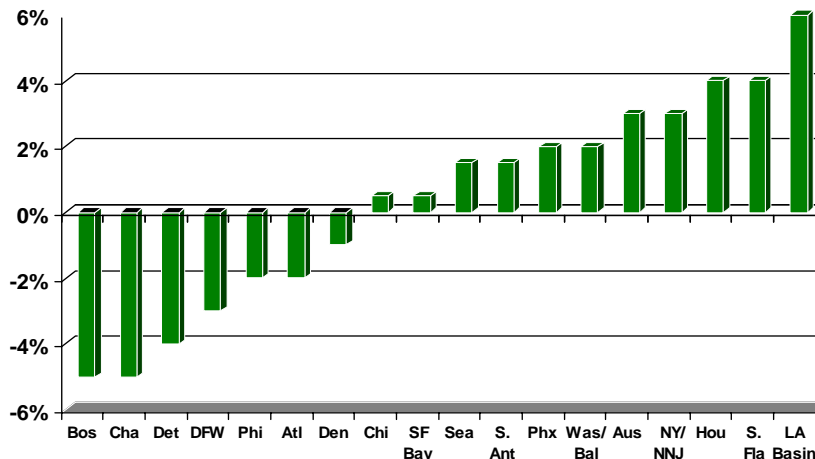
Half of the markets reported herein experienced rent gains in 2004, as demand rose and vacancy dropped. Distribution space rents jumped 6% in the **LA Basin**, as vacancy plummeted there. Rents rose 4% in **South Florida** and **Houston**, as vacancy dropped to relatively low levels in those markets. Meanwhile, in **Charlotte** and **Boston**, where

vacancy rose in 2004, rents dropped approximately 5%. **Detroit** experienced a rent decline of 4% in 2004, due to its elevated vacancy. Nationally, Distribution space rents increased 1.5% in 2004.

We expect rent growth nationally for Distribution space to average 2% to 3% per annum, or about the rate of inflation, from 2005 to 2010.



Change in Distribution Space Rent 2004



Source: REIS, Delta Associates; May 2005.

**Distribution Market to
Maintain Steady Growth**

Absorption of Distribution space will, in all likelihood, continue to grow steadily due to:

1. Population Growth
2. Consumerism
3. Rising Imports
4. Economic Growth/Corporate Profits
5. Supply Chain Management
6. Obsolescence of Older Product

All indicators point to continued demand for Distribution product, as we witness migration from older and smaller warehouses. Due diligence will likely identify market opportunities even in high vacancy metro markets, although careful underwriting is required.

NATIONAL DISTRIBUTION MARKET: DEMAND DRIVERS

Definition of Distribution Product Covered in this Report

For these purposes, Distribution product is defined as those warehouse buildings that possess characteristics of at least 22 foot clear ceiling height and 100,000 SF floor area. This definition of Distribution product accounts for 28% of all existing warehouse space.

“Bulk” Distribution buildings are increasing in size as time goes by. “Bulk” facilities are commonly greater than 200,000 to 300,000 SF, with a clear ceiling height of at least 28’. We have chosen to report on a broader basis, so that we capture a greater share of the market.

Distribution Market Demand Drivers

- 1) Population Growth
- 2) Consumerism
- 3) Imports
- 4) Economic Growth/Corporate Profits
- 5) Supply Chain Management
- 6) Obsolescence

Population Growth

Our population growth is a predominant factor impacting demand for Distribution space. Not only does a growing population require the distribution of goods, but it drives demand for imports, which drives more demand for Distribution space. Our population growth is fueled primarily by immigration, which has not slowed since September 11, 2001. In fact, immigration is as strong as it has ever been and our population continues to grow at unprecedented numbers.

From 1970 to 2000, our population rose by approximately 77 million, or 2.6 million per annum. The 1990s was the period of greatest immigration in our history and this trend has not slowed down, according to the Center for Immigration Studies. Our population is forecast to grow at a rate of 2.6 to 2.7 million per annum through 2050, according to Census Bureau projections.

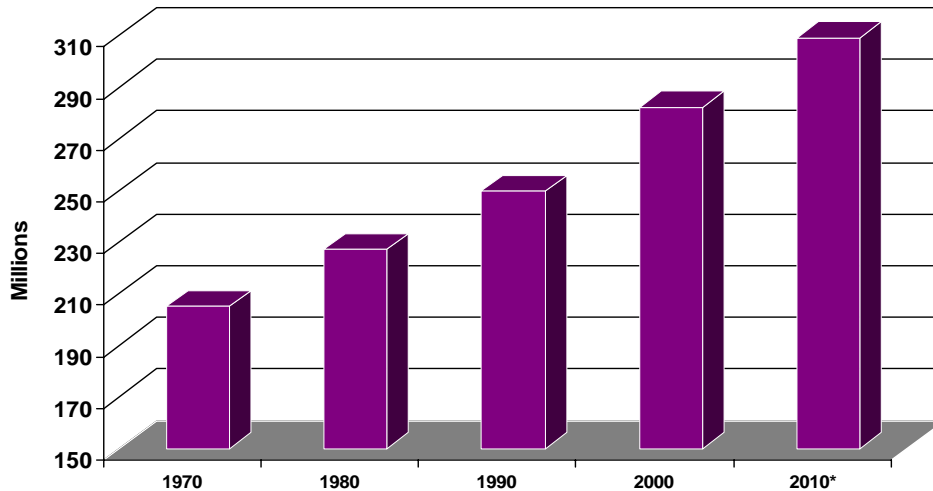
At current rates of growth, our population will reach 309 million by 2010, an increase of 15.8 million from 2004.

And as our human nature dictates, a larger population will demand more material goods and we will need more space to store and distribute these goods. Distribution product in major growth cities are the primary beneficiary of this growth pattern – Atlanta, Dallas/Ft. Worth, Phoenix, Las Vegas, Southern California, Washington/Baltimore, and South Florida.

In addition to U.S. and local population growth, a given market’s relative distance to the end consumer is a major factor. Therefore, a market’s access to multiple means of transportation – highway, air, sea, rail – is a major factor in determining the location of Distribution product.



U.S. Population 1970-2010



Source: Census Bureau, Delta Associates; May 2005.

*Forecast

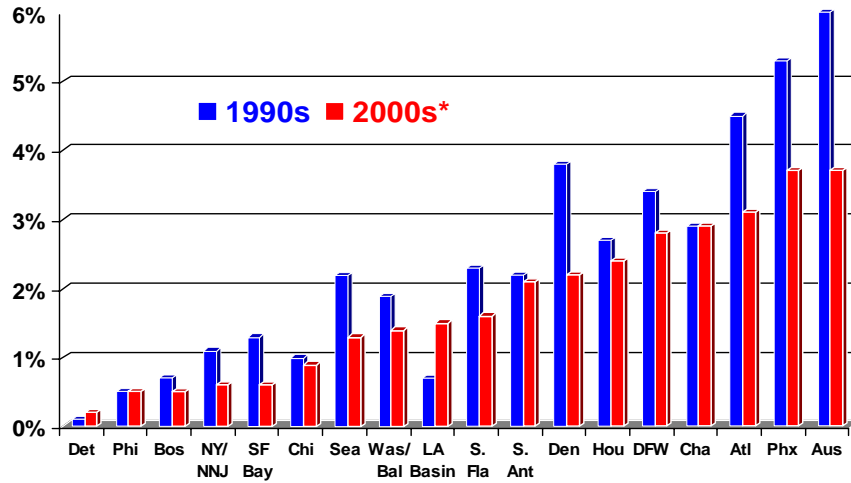
Population Growth

The nation's population growth rate will likely slow marginally, as our population base increases. However, ***the absolute level of population growth will continue to rise.***

- Growth will likely slow in some of the faster-growing markets – **Phoenix, Denver, Austin** – because the markets simply cannot support the growth levels with adequate infrastructure. However, it will remain strong.
- The **LA Basin** has rebounded fully from its early-1990s downturn and is adding one-quarter million people per annum. This is still less than in the 1980s, at 300,000 per annum.
- **New York/Northern New Jersey** area population growth has ebbed, due to higher costs, older infrastructure and no financial bubble driving an employment boom.
- **Dallas/Ft. Worth** and **Atlanta** will continue to boom, aided by heavy immigrant population growth.
- **San Francisco Bay Area** population growth has dropped dramatically, due to high costs and the job drain following the demise of the tech/dot.com bubble.
- **Houston's** population is surging, due to the health of the energy industries.



Population Growth Rates Per Annum 1990s vs. 2000s

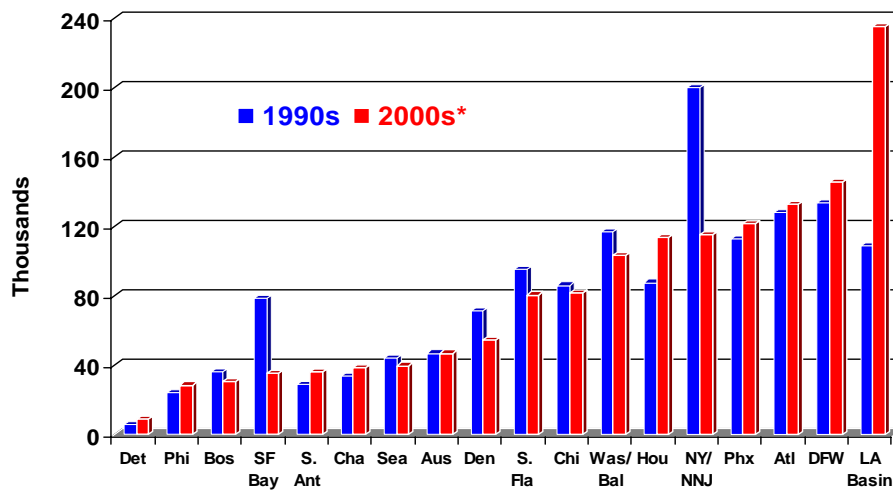


Source: Census Bureau, Delta Associates; May 2005.

*Forecast



Population Growth Per Annum 1990s vs. 2000s



Source: Census Bureau, Delta Associates; May 2005.

*Forecast

Consumerism

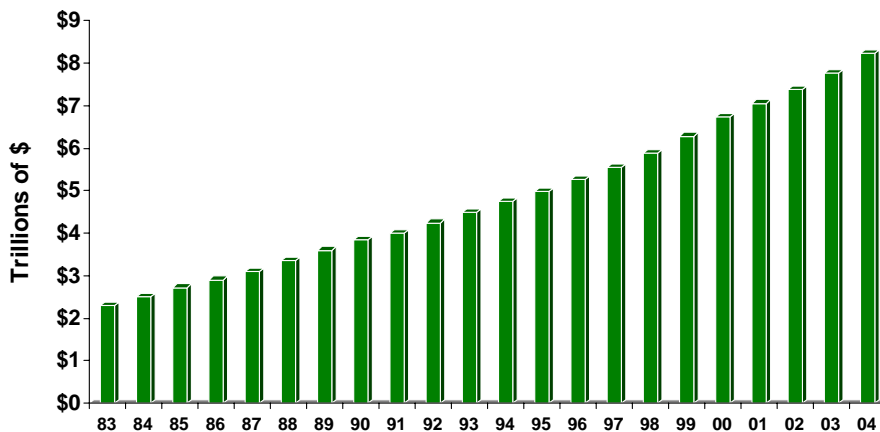
Consumer spending exceeded \$8.2 trillion in 2004, an increase of \$470 billion from 2003!

Consumer spending continues to rise year after year. In the expansion of the 1980s, personal consumption expenditures rose \$180 to \$250 billion per annum. In the 1990s expansionary period, spending rose \$240 to \$460 billion per annum. In the early 1990s recession, spending

increases bottomed out at \$150 billion in 1991. In the latest recessionary period, spending increases bottomed out at \$310 billion in 2001. So in spite of the recent downturn, consumer spending has continued to boom. Our growing population continues to spur greater spending through good times and bad. And this spending on material goods requires Distribution space.



U.S. Consumer Spending 1983-2004

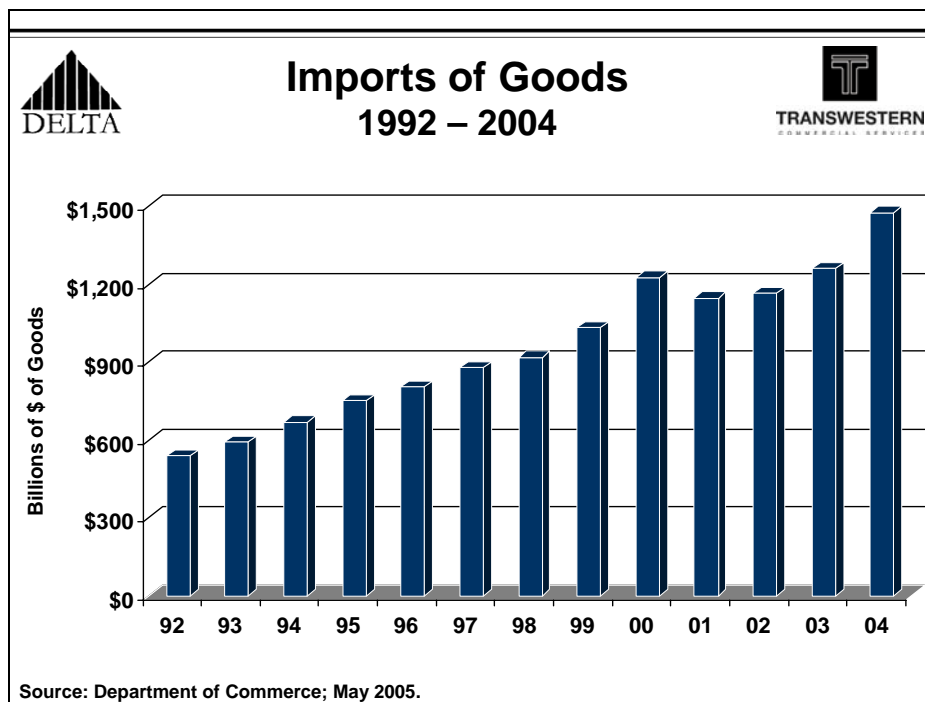


Source: Department of Commerce; May 2005.

Imports of Goods

Imported goods jumped to nearly \$1.5 trillion in 2004 – up \$212 billion from 2003 – an increase of 16.8%. The volume of imports continues to rise, as consumers demand more goods at cheaper prices. Imports dipped in 2001/02, as a result of the recession, but rebounded in 2003. While our trade deficit continues to grow and some politicians attempt to make an issue of it, consumers just keep buying cheap imported goods.

And these imported goods require Distribution space, especially at our major port markets of New York/Northern New Jersey, Southern California, Houston, South Florida, The Bay Area and Seattle.



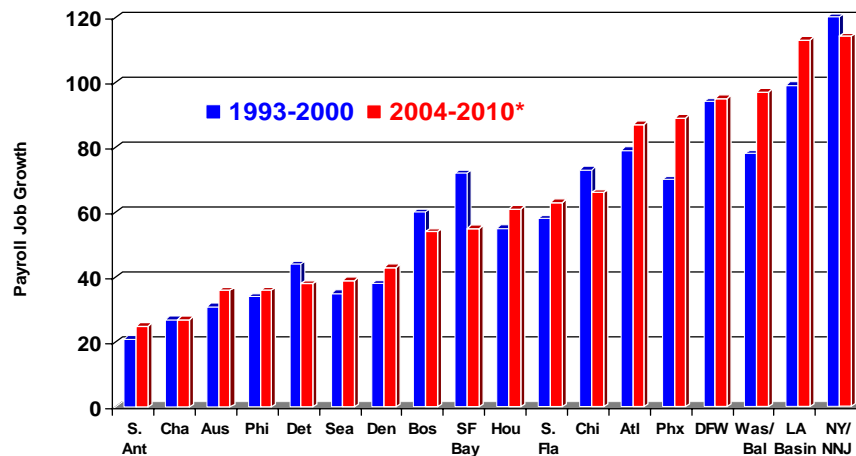
Economic Growth/Corporate Profits

Steady economic growth and corporate earnings – particularly among businesses in the Industrials and Materials sectors – will continue to fuel demand for distribution space. The

outlook for continued economic growth, job gains and corporate profits remains strong. (See Section 1 on the National Economy for further discussion on the economic outlook).



Job Growth Per Annum 1990s vs. 2000s Expansion



Source: Bureau of Labor Statistics, Delta Associates; May 2005.

*Forecast

S&P OPERATING EARNINGS GROWTH BY ECONOMIC SECTOR AS OF MAY 31, 2005

Sector	2002	2003	2004	2005 Forecast	2006 Forecast
Consumer Discretion	61.3%	10.6%	29.5%	-0.5%	15.7%
Consumer Staples	13.1%	-1.0%	8.8%	2.8%	9.0%
Energy	-30.3%	65.3%	48.9%	19.2%	-3.8%
Financials	6.6%	27.2%	15.4%	8.4%	7.7%
Health Care	5.9%	-1.7%	17.5%	8.4%	16.9%
Industrials	5.3%	3.3%	20.7%	19.4%	16.1%
Information Tech	NA	139.2%	56.7%	14.9%	16.8%
Materials	17.2%	18.7%	90.0%	27.3%	9.2%
Telecom Services	55.8%	-0.7%	0.8%	7.4%	8.5%
Utilities	-21.0%	-9.4%	-1.6%	12.4%	6.9%
Total	18.5%	18.8%	23.7%	10.9%	10.5%

Source: Standard & Poor's

Supply Chain Management and Advancements in Logistics

In addition to population growth and increases in consumer spending and imports, improvements to Supply Chain Management and Advancements in Logistics are driving the need for new Distribution facilities.

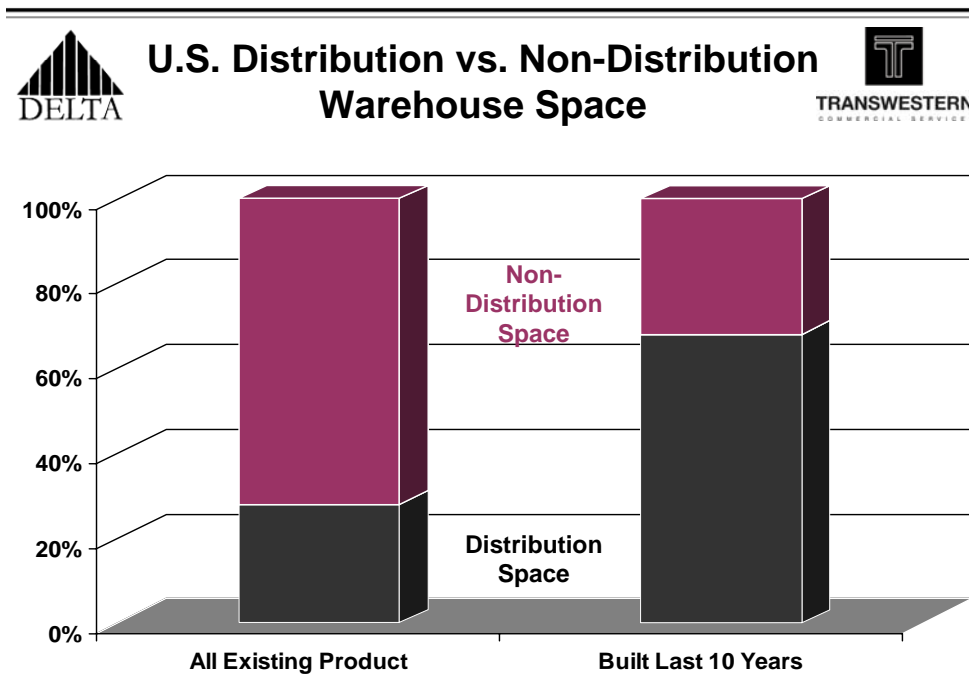
The need for access to larger population centers and multiple means of transportation to facilitate intermodal efficiencies is spurring companies to search for new Distribution facilities in strategic locations.

In addition, advancements in logistics, such as greater clear ceiling height, more cross-docks, wider truck ports, and improvements to technology, are pushing companies to new facilities in their ever-onward push for greater efficiency.

Users of Distribution facilities are also gravitating to markets that offer lower occupancy costs, due to the availability and affordability of land. For example, Dallas/Ft. Worth and Atlanta are much more affordable than Northern New Jersey and Southern California, hence their wide appeal for new facilities.

Obsolescence

In addition to the aforementioned demand drivers for Distribution space, *modern facilities are replacing older product as it becomes obsolete*. While the defined Distribution product reported on herein represents just 28% of all existing warehouse product, approximately 68% of all new warehouse space built over the past 10 years meets our definition.



Source: CoStar, Delta Associates; May 2005.

Note: We are defining Distribution product as warehouse buildings with at least 22 foot clear ceiling height and 100,000 SF floor area.

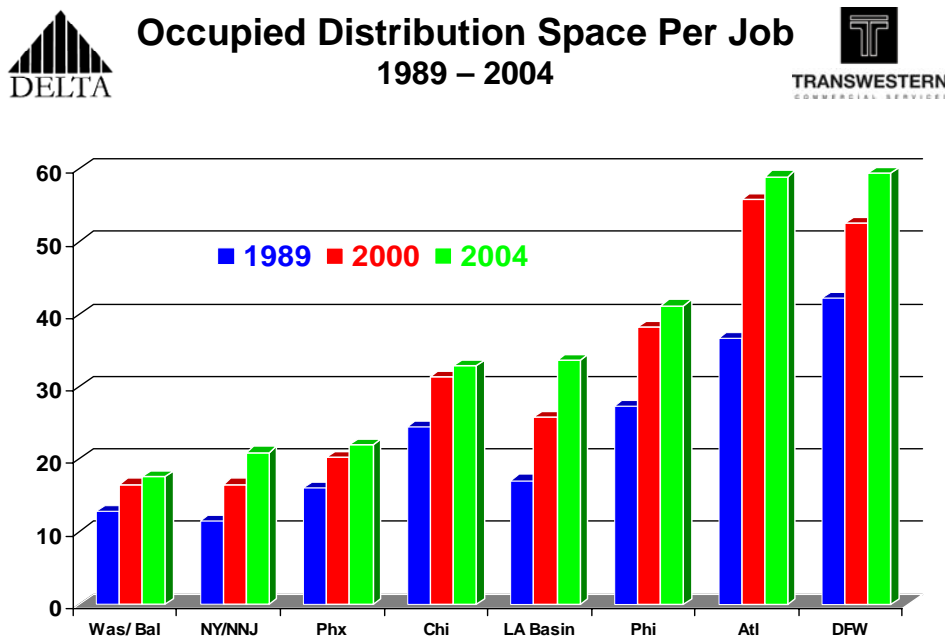
Downward Pressure on Demand?

Is there downward pressure on demand for Distribution space? Yes, but we believe it will be more than off-set by countervailing forces that result in continued high levels of demand for Distribution space in the current expansion cycle now through 2010.

Direct Shipping/Just-in-Time delivery may be cutting back on the need for more Distribution space. But this phenomenon only works for a certain percentage of products shipped and for a limited amount of retailers. A retailer can restock from its distribution center within three

days, while direct shipping might take 30 days. So this phenomenon has a greater impact on retailers' inventory on hand as opposed to the amount of Distribution space needed.

What about **smart buildings**? Newer, more technology-efficient buildings seem to reduce the need for employees more than they reduce the need for space. Fewer employees per square foot work in newer Distribution buildings compared to older facilities. The following chart indicates this: Each employee that works in a modern Distribution facility covers more ground, due to improved technology.



Source: Delta Associates; May 2005.

Distribution Demand to Hold Up

We expect demand for Distribution space to remain robust through the end of the

decade, as our population continues to swell, consumer spending and imports continue to rise, and our economy maintains steady growth.

Appendix 1
Summary Tables

Table 1
DISTRIBUTION INVENTORY
SELECTED MARKETS
SPRING 2005

Market	Distribution Inventory ¹ (SF)
Atlanta	161,956,000
Austin	5,033,000
Boston	59,934,000
Charlotte	33,882,000
Chicago	172,487,000
Dallas/Ft. Worth	190,297,000
Denver	37,116,000
Detroit	47,590,000
Houston	68,452,000
LA Basin	236,795,000
New York/N. New Jersey	192,068,000
Philadelphia	132,634,000
Phoenix	41,482,000
San Antonio	9,793,000
San Francisco Bay Area	57,268,000
Seattle	49,419,000
South Florida	45,296,000
Washington/Baltimore	82,376,000

1/ 100,000 SF and up, 22' Ceiling Height and up.

Source: Delta Associates, CoStar; May 2005.

Table 2
DISTRIBUTION SPACE NET ABSORPTION
SELECTED MARKETS
1983-2010
(In Square Feet)

Market	Average Per Annum		2004	January- April 2005	Average Annual Forecast 2005-10
	1983-1989	1993-2000			
Atlanta	2,101,000	7,687,000	8,400,000	2,024,000	7,486,000
Austin	76,000	217,000	241,000	101,000	421,000
Boston	865,000	1,702,000	2,861,000	955,000	1,817,000
Charlotte	482,000	1,151,000	1,883,000	331,000	1,239,000
Chicago	1,885,000	5,019,000	8,082,000	2,236,000	5,146,000
Dallas/Ft. Worth	3,003,000	7,208,000	4,581,000	2,917,000	7,527,000
Denver	597,000	1,053,000	532,000	520,000	1,675,000
Detroit	1,291,000	1,244,000	3,338,000	798,000	1,145,000
Houston	19,000	1,318,000	2,854,000	753,000	2,240,000
LA Basin	4,290,000	7,003,000	15,065,000	5,759,000	7,641,000
New York/N. New Jersey	2,830,000	5,051,000	8,540,000	2,124,000	5,105,000
Philadelphia	1,841,000	3,316,000	4,844,000	1,747,000	3,516,000
Phoenix	884,000	1,804,000	1,997,000	741,000	2,340,000
San Antonio	169,000	393,000	334,000	137,000	712,000
San Francisco Bay Area	1,077,000	1,024,000	1,052,000	568,000	1,146,000
Seattle	851,000	1,172,000	2,841,000	283,000	2,129,000
South Florida	741,000	1,808,000	1,673,000	941,000	1,744,000
Washington/Baltimore	1,720,000	2,083,000	1,537,000	256,000	2,203,000

Source: Delta Associates; May 2005.

Table 3
OVERALL DISTRIBUTION VACANCY RATE
SELECTED MARKETS
SPRING 2005

Market	Vacancy Rate
Atlanta	16.9%
Austin	17.5%
Boston	16.5%
Charlotte	17.9%
Chicago	15.5%
Dallas/Ft. Worth	14.7%
Denver	10.2%
Detroit	23.1%
Houston	11.8%
LA Basin	4.3%
New York/N. New Jersey	9.8%
Philadelphia	14.2%
Phoenix	10.2%
San Antonio	11.9%
San Francisco Bay Area	13.4%
Seattle	10.7%
South Florida	10.0%
Washington/Baltimore	13.0%
National	12.5%

Source: CoStar, Delta Associates; May 2005.

Table 4
CHANGE IN RENT
SELECTED MARKETS
2004

Market	Rent Change
Atlanta	-2.0%
Austin	3.0%
Boston	-5.0%
Charlotte	-5.0%
Chicago	0.5%
Dallas/Ft. Worth	-3.0%
Denver	-1.0%
Detroit	-4.0%
Houston	4.0%
LA Basin	6.0%
New York/N. New Jersey	3.0%
Philadelphia	-2.0%
Phoenix	1.5%
San Antonio	1.5%
San Francisco Bay Area	0.5%
Seattle	1.5%
South Florida	4.0%
Washington/Baltimore	2.0%
National	1.5%

Source: CoStar, Delta Associates; May 2005.

Table 5
POPULATION
SELECTED MARKETS
1970-2010

Metro	1970	1980	1990	2000	2004	(Forecast) 2010
Atlanta	1,684,000	2,138,000	2,834,000	4,282,000	4,708,000	5,609,000
Austin	360,000	537,000	782,000	1,265,000	1,412,000	1,733,000
Boston	5,226,000	5,331,000	5,438,000	6,073,000	6,151,000	6,377,000
Charlotte	840,000	971,000	1,162,000	1,330,000	1,475,000	1,716,000
Chicago	7,500,000	7,612,000	8,240,000	9,100,000	9,392,000	9,737,000
Dallas/Ft. Worth	2,352,000	2,931,000	3,885,000	5,196,000	5,700,000	6,651,000
Denver/Boulder	1,238,000	1,618,000	1,848,000	2,465,000	2,609,000	3,007,000
Detroit	4,554,000	4,488,000	4,382,000	4,458,000	4,493,000	4,547,000
Houston	1,891,000	2,735,000	3,302,000	4,741,000	5,180,000	5,879,000
LA Basin	9,981,000	11,498,000	14,532,000	15,682,000	16,718,000	18,034,000
New York/N. New Jersey	18,193,000	17,540,000	18,087,000	19,244,000	19,613,000	20,399,000
Philadelphia	4,824,000	4,717,000	4,857,000	5,694,000	5,801,000	5,979,000
Phoenix	971,000	1,509,000	2,122,000	3,278,000	3,715,000	4,491,000
San Antonio	888,000	1,072,000	1,302,000	1,719,000	1,854,000	2,080,000
San Francisco Bay Area	3,968,000	4,484,000	5,201,000	5,877,000	5,895,000	6,230,000
Seattle	1,425,000	1,608,000	1,973,000	3,052,000	3,167,000	3,449,000
South Florida	2,237,000	3,221,000	4,056,000	5,029,000	5,362,000	5,834,000
Washington/Baltimore	5,129,000	5,450,000	6,306,000	7,379,000	7,779,000	8,412,000

Note: Metro population trends may be inconsistent from 1990 to 2000 due to MSA boundary redefinitions.

Source: Census Bureau, Delta Associates; May 2005.

Table 6
AVERAGE POPULATION GROWTH RATES PER ANNUM
SELECTED MARKETS
1970-2010

Metro	1970s	1980s	1990s	2001-04	(Forecast) 2001-2010
Atlanta	2.7%	3.3%	4.5%	2.5%	3.1%
Austin	4.9%	4.6%	6.0%	2.9%	3.7%
Boston	0.2%	0.2%	0.7%	0.3%	0.5%
Charlotte	1.6%	2.0%	2.9%	2.7%	2.9%
Chicago	0.1%	0.8%	1.0%	0.8%	0.9%
Dallas/Ft. Worth	2.5%	3.3%	3.4%	2.4%	2.8%
Denver	3.1%	1.4%	3.8%	1.5%	2.2%
Detroit	-0.1%	-0.2%	0.1%	0.2%	0.2%
Houston	4.5%	2.1%	2.7%	2.3%	2.4%
LA Basin	1.5%	2.6%	0.7%	1.7%	1.5%
New York/N. New Jersey	-0.4%	0.3%	1.1%	0.5%	0.6%
Philadelphia	-0.2%	0.3%	0.5%	0.5%	0.5%
Phoenix	5.5%	4.1%	5.3%	3.3%	3.7%
San Antonio	2.1%	2.1%	2.2%	2.0%	2.1%
San Francisco Bay Area	1.3%	1.6%	1.3%	0.1%	0.6%
Seattle	1.3%	2.3%	2.2%	0.9%	1.3%
South Florida	4.4%	2.6%	2.3%	1.7%	1.6%
Washington/Baltimore	0.6%	1.6%	1.9%	1.4%	1.4%

Source: Census Bureau, Delta Associates; May 2005.

Table 7
AVERAGE POPULATION GROWTH PER ANNUM
SELECTED MARKETS
1970-2010

Metro	1970s	1980s	1990s	2001-04	(Forecast) 2001-2010
Atlanta	45,400	69,600	127,800	106,500	132,700
Austin	17,700	24,500	46,800	36,750	46,800
Boston	11,200	11,900	36,400	19,500	30,400
Charlotte	13,100	19,100	33,700	36,250	38,600
Chicago	11,200	62,800	86,000	73,000	81,900
Dallas/Ft. Worth	57,900	95,400	133,700	126,000	145,500
Denver	38,000	23,000	71,100	36,000	54,200
Detroit	(6,600)	(10,600)	6,000	8,750	8,900
Houston	84,400	56,700	87,600	109,750	113,800
LA Basin	151,700	303,400	108,800	259,000	235,200
New York/N. New Jersey	(65,300)	54,700	199,900	92,250	115,500
Philadelphia	(10,700)	14,000	24,400	26,750	28,500
Phoenix	53,800	61,300	113,000	109,250	121,300
San Antonio	18,400	23,000	29,000	33,750	36,100
San Francisco Bay Area	61,400	88,500	78,600	4,500	35,300
Seattle	18,300	36,500	44,200	28,750	39,700
South Florida	98,400	83,500	95,200	83,250	80,500
Washington/Baltimore	32,100	85,600	117,000	100,000	103,300

Source: Census Bureau, Delta Associates; May 2005.

Table 8
PAYROLL JOBS
SELECTED MARKETS
1982-2010

Metro	1982	1989	1992	2000	2003	2010 (Forecast)
Atlanta	1,044,700	1,496,400	1,549,800	2,289,700	2,236,900	2,848,800
Austin	270,200	374,500	424,200	672,700	653,000	908,000
Boston	1,956,800	2,546,700	2,293,100	2,780,300	2,648,400	3,028,700
Charlotte	455,000	614,400	624,100	766,200	764,600	956,200
Chicago	3,080,400	3,671,000	3,648,600	4,573,900	4,412,800	4,876,700
Dallas/Ft. Worth	1,528,700	1,956,200	2,024,200	2,763,200	2,665,500	3,333,200
Denver/Boulder	848,300	822,600	872,700	1,374,000	1,312,600	1,610,200
Detroit	1,578,600	1,903,200	1,852,500	2,210,300	2,071,800	2,337,300
Houston	1,541,200	1,520,500	1,637,300	2,254,600	2,273,900	2,700,200
LA Basin	4,813,000	5,936,400	5,660,000	6,449,400	6,510,900	7,303,800
New York/N. New Jersey	7,489,700	8,558,000	7,849,200	8,388,300	8,251,000	9,052,100
Philadelphia	1,904,900	2,232,800	2,126,200	2,744,400	2,729,800	2,982,900
Phoenix	655,000	991,500	1,021,000	1,578,400	1,619,800	2,244,400
San Antonio	423,200	518,400	549,600	745,200	751,300	929,400
San Francisco Bay Area	2,246,100	2,599,700	2,576,600	3,169,700	2,844,400	3,232,000
Seattle	766,000	1,067,400	1,138,600	1,646,700	1,570,400	1,843,900
South Florida	1,323,500	1,731,800	1,725,500	2,177,900	2,228,800	2,674,000
Washington/Baltimore	2,580,900	3,472,500	3,381,700	3,926,000	4,033,600	4,712,200

Source: BLS, Delta Associates; May 2005.

Table 9
AVERAGE PAYROLL JOB GROWTH RATES PER ANNUM
SELECTED MARKETS
1983-2010

Metro	Expansion Cycle Average Annual Growth Rate		
	1983-1989	1993-2000	2004-10 Forecast
Atlanta	5.3%	4.4%	3.5%
Austin	4.9%	5.9%	4.8%
Boston	3.6%	2.3%	1.9%
Charlotte	4.6%	3.8%	3.3%
Chicago	2.8%	1.9%	1.4%
Dallas/Ft. Worth	3.5%	4.0%	3.2%
Denver	2.9%	3.8%	3.0%
Detroit	3.0%	2.2%	1.7%
Houston	1.9%	3.1%	2.5%
LA Basin	3.0%	2.2%	1.7%
New York/N. New Jersey	1.8%	1.7%	1.3%
Philadelphia	2.3%	1.5%	1.3%
Phoenix	5.8%	5.6%	4.8%
San Antonio	3.0%	3.4%	3.1%
San Francisco Bay Area	2.1%	2.9%	1.8%
Seattle	5.5%	2.6%	2.3%
South Florida	3.9%	3.0%	2.6%
Washington/Baltimore	4.3%	2.1%	2.2%

Source: BLS, Delta Associates; May 2005.

Table 10
AVERAGE PAYROLL JOB GROWTH PER ANNUM
SELECTED MARKETS
1983-2010

Metro	Expansion Cycle Average Annual Growth		
	1983-1989	1993-2000	2004-10 Forecast
Atlanta	65,000	79,000	87,000
Austin	15,000	31,000	36,000
Boston	84,000	60,000	54,000
Charlotte	23,000	27,000	27,000
Chicago	84,000	73,000	66,000
Dallas/Ft. Worth	61,000	94,000	95,000
Denver	(4,000)	38,000	43,000
Detroit	46,000	44,000	38,000
Houston	(3,000)	55,000	61,000
LA Basin	160,000	99,000	113,000
New York/N. New Jersey	153,000	142,000	114,000
Philadelphia	47,000	34,000	36,000
Phoenix	48,000	70,000	89,000
San Antonio	14,000	21,000	25,000
San Francisco Bay Area	51,000	72,000	55,000
Seattle	43,000	35,000	39,000
South Florida	58,000	58,000	63,000
Washington/Baltimore	127,000	78,000	97,000

Source: BLS, Delta Associates; May 2005.

Appendix 2

Market Snapshots

DISTRIBUTION DATA SNAPSHOT
SELECTED MARKETS
1982-SPRING 2005

Atlanta

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	161,956,000	16.9%	16.2%	2,024,000	-2.0%
2004	160,884,000	17.7%	16.9%	8,400,000	-2.0%
2003	155,646,000	20.6%	19.5%		
1993-2000	137,203,000	11.3%	10.2%	7,687,000	2.2%
1992	71,922,000	15.3%	14.2%		
1983-1989	62,846,000	12.7%	11.6%	2,101,000	2.3%
1982	44,890,000	10.0%	9.0%		

Austin

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	5,033,000	17.5%	16.2%	101,000	4.7%
2004	5,033,000	19.7%	18.2%	241,000	3.0%
2003	4,833,000	22.8%	19.8%		
1993-2000	4,046,000	3.9%	3.4%	217,000	5.8%
1992	2,529,000	16.0%	14.0%		
1983-1989	2,199,000	13.0%	12.0%	76,000	0.0%
1982	1,571,000	12.0%	10.5%		

Boston

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	59,934,000	16.5%	15.2%	955,000	-1.2%
2004	59,368,000	17.6%	16.0%	2,861,000	-5.0%
2003	54,344,000	15.0%	13.5%		
1993-2000	50,319,000	9.0%	8.5%	1,702,000	7.3%
1992	37,273,000	14.0%	13.0%		
1983-1989	33,279,000	10.0%	9.0%	865,000	0.0%
1982	26,623,000	10.0%	9.0%		

Charlotte

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	33,882,000	17.9%	17.1%	331,000	1.0%
2004	33,727,000	18.7%	17.7%	1,883,000	-5.0%
2003	29,570,000	14.0%	12.5%		
1993-2000	25,061,000	10.0%	9.5%	1,151,000	4.1%
1992	15,663,000	15.0%	14.0%		
1983-1989	14,239,000	13.0%	12.0%	482,000	6.2%
1982	10,171,000	11.0%	10.0%		

Source: Delta Associates; May 2005.

DISTRIBUTION DATA SNAPSHOT
SELECTED MARKETS
1982-SPRING 2005

Chicago

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	172,487,000	15.5%	15.0%	2,236,000	-1.0%
2004	170,257,000	15.6%	15.2%	8,082,000	0.5%
2003	161,488,000	15.8%	15.6%		
1993-2000	144,007,000	7.7%	6.9%	5,019,000	2.3%
1992	102,307,000	8.8%	8.2%		
1983-1989	96,446,000	7.0%	6.5%	1,885,000	7.0%
1982	82,330,000	7.0%	6.5%		

Dallas/Ft. Worth

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	190,297,000	14.7%	13.6%	2,917,000	2.5%
2004	188,009,000	15.3%	14.1%	4,581,000	-3.0%
2003	182,676,000	16.0%	14.1%		
1993-2000	160,131,000	8.8%	7.8%	7,208,000	4.8%
1992	98,231,000	10.4%	8.4%		
1983-1989	91,880,000	9.9%	8.9%	3,003,000	0.0%
1982	68,733,000	10.8%	8.8%		

Denver

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	37,116,000	10.2%	9.6%	520,000	2.7%
2004	37,116,000	11.8%	11.0%	532,000	-1.0%
2003	36,152,000	11.8%	10.1%		
1993-2000	31,632,000	9.5%	9.3%	1,053,000	7.7%
1992	22,445,000	10.7%	9.7%		
1983-1989	22,338,000	13.5%	12.8%	597,000	-3.0%
1982	16,489,000	8.2%	7.2%		

Detroit

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	47,590,000	23.1%	22.4%	798,000	-4.3%
2004	47,479,000	24.6%	23.9%	3,338,000	-4.0%
2003	45,109,000	28.1%	27.3%		
1993-2000	41,300,000	9.8%	9.5%	1,244,000	4.3%
1992	33,040,000	18.0%	17.0%		
1983-1989	31,170,000	12.0%	11.0%	1,291,000	0.0%
1982	23,089,000	20.0%	19.0%		

Source: Delta Associates; May 2005.

DISTRIBUTION DATA SNAPSHOT
SELECTED MARKETS
1982-SPRING 2005

Houston

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	68,452,000	11.8%	10.8%	753,000	4.0%
2004	68,452,000	12.7%	11.9%	2,854,000	4.0%
2003	67,830,000	16.7%	15.3%		
1993-2000	60,099,000	9.7%	9.0%	1,318,000	3.7%
1992	49,106,000	11.1%	10.1%		
1983-1989	48,322,000	12.5%	11.7%	19,000	-4.0%
1982	45,735,000	8.0%	7.0%		

LA Basin

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	236,795,000	4.3%	3.7%	5,759,000	12.5%
2004	232,993,000	5.2%	4.6%	15,065,000	6.0%
2003	224,740,000	8.2%	7.8%		
1993-2000	179,036,000	7.1%	6.6%	7,003,000	4.6%
1992	127,081,000	13.0%	12.5%		
1983-1989	114,228,000	11.0%	10.6%	4,290,000	6.5%
1982	78,870,000	9.1%	8.6%		

New York/N. New Jersey

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	192,068,000	9.8%	9.0%	2,124,000	12.0%
2004	190,993,000	10.6%	9.6%	8,540,000	3.0%
2003	181,346,000	11.0%	9.5%		
1993-2000	161,023,000	8.0%	7.5%	5,051,000	NA
1992	119,276,000	10.0%	9.0%		
1983-1989	106,496,000	8.0%	7.0%	2,830,000	NA
1982	85,197,000	8.0%	7.0%		

Philadelphia

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	132,634,000	14.2%	13.4%	1,747,000	2.5%
2004	132,452,000	15.6%	14.6%	4,844,000	-2.0%
2003	125,168,000	15.0%	13.5%		
1993-2000	101,811,000	10.0%	9.5%	3,316,000	0.7%
1992	75,416,000	14.0%	13.0%		
1983-1989	68,560,000	11.0%	10.0%	1,841,000	4.7%
1982	54,848,000	12.0%	11.0%		

Source: Delta Associates; May 2005.

DISTRIBUTION DATA SNAPSHOT
SELECTED MARKETS
1982-SPRING 2005

Phoenix

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	41,482,000	10.2%	9.7%	741,000	5.0%
2004	40,979,000	11.0%	10.4%	1,997,000	2.0%
2003	39,635,000	13.1%	12.4%		
1993-2000	35,113,000	9.2%	8.6%	1,804,000	7.5%
1992	20,682,000	15.2%	14.6%		
1983-1989	18,741,000	15.5%	14.9%	884,000	0.7%
1982	11,401,000	15.0%	14.4%		

San Antonio

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	9,793,000	11.9%	11.1%	137,000	2.0%
2004	9,693,000	12.6%	11.6%	334,000	1.5%
2003	9,411,000	14.0%	12.5%		
1993-2000	8,328,000	9.0%	8.5%	393,000	7.0%
1992	5,205,000	15.0%	14.0%		
1983-1989	4,819,000	12.5%	11.5%	169,000	-2.5%
1982	3,442,000	11.5%	10.5%		

San Francisco Bay

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	57,268,000	13.4%	11.6%	568,000	1.0%
2004	57,013,000	14.6%	12.2%	1,052,000	0.5%
2003	55,561,000	14.6%	11.8%		
1993-2000	55,318,000	5.1%	4.7%	1,024,000	6.2%
1992	48,663,000	9.5%	8.5%		
1983-1989	47,361,000	9.0%	8.5%	1,077,000	4.8%
1982	38,910,000	9.0%	8.0%		

Seattle

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	49,419,000	10.7%	9.8%	283,000	3.0%
2004	49,105,000	10.8%	9.8%	2,841,000	1.5%
2003	46,315,000	12.0%	10.5%		
1993-2000	42,105,000	9.0%	8.5%	1,172,000	3.3%
1992	32,388,000	11.0%	10.0%		
1983-1989	29,444,000	10.0%	9.0%	851,000	3.1%
1982	22,649,000	9.0%	8.0%		

Source: Delta Associates; May 2005.

DISTRIBUTION DATA SNAPSHOT
SELECTED MARKETS
1982-SPRING 2005

South Florida

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	45,296,000	10.0%	9.2%	941,000	5.0%
2004	45,155,000	12.0%	11.0%	1,673,000	4.0%
2003	44,270,000	14.5%	13.0%		
1993-2000	38,833,000	9.5%	9.0%	1,808,000	3.3%
1992	24,271,000	15.0%	14.0%		
1983-1989	22,065,000	12.5%	11.5%	741,000	5.2%
1982	15,761,000	10.0%	9.0%		

Washington/Baltimore

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	82,376,000	13.0%	12.4%	256,000	-1.5%
2004	81,896,000	13.0%	12.2%	1,537,000	2.0%
2003	80,605,000	14.3%	12.7%		
1993-2000	73,216,000	9.5%	8.1%	2,083,000	2.7%
1992	57,984,000	14.0%	12.7%		
1983-1989	49,798,000	10.5%	9.5%	1,720,000	5.3%
1982	36,297,000	9.7%	9.0%		

National

Period	Inventory at end of	Overall Vacancy Rate at end of	Direct Vacancy Rate at end of	Average Net Absorption/Annum	Average Rent Change/Annum
Jan-Apr '05	1,623,878,000	12.5%	11.7%	23,191,000	2.5%
2004	1,610,604,000	13.3%	12.4%	70,655,000	1.5%
2003	1,544,699,000	14.5%	13.3%		
1993-2000	1,348,581,000	8.7%	8.0%	50,253,000	4.7%
1992	943,482,000	12.2%	11.2%		
1983-1989	864,231,000	10.3%	9.5%	24,722,000	3.0%
1982	667,006,000	9.7%	8.7%		

Source: Delta Associates; May 2005.

