2008

hosted by:

TRANSWESTERN®
The Performance Advantage in Real Estate

DELTA ASSOCIATES
A TRANSWESTERN COMPANY

TRENDLINES®
DALLAS

Source: Bloomberg News, NYTimes.com, Getty Images, Time.com, Delta Associates, 10/16/08.

Bread Line in Times Square, 1930

Source: Los Angeles Times, Delta Associates, 10/16/08.

NOT A DEPRESSION

1. Good property performance fundamentals
2. Massive equity still on the sidelines
3. Equity at the property level
4. Federal government willing and able to act
5. Fortunate to be in Dallas/Fort Worth

Source: Delta Associates, 10/16/08.

Source: Transwestern, Delta Associates, 10/16/08.

OVERVIEW

1. National Economy: Financial Tornado
2. DFW Economy: Comparatively strong job growth
3. Commercial Real Estate Markets:
   Performing well compared to other major metro areas
4. Investment Sales: Constrained
5. Forecast

Source: Delta Associates, 10/16/08.

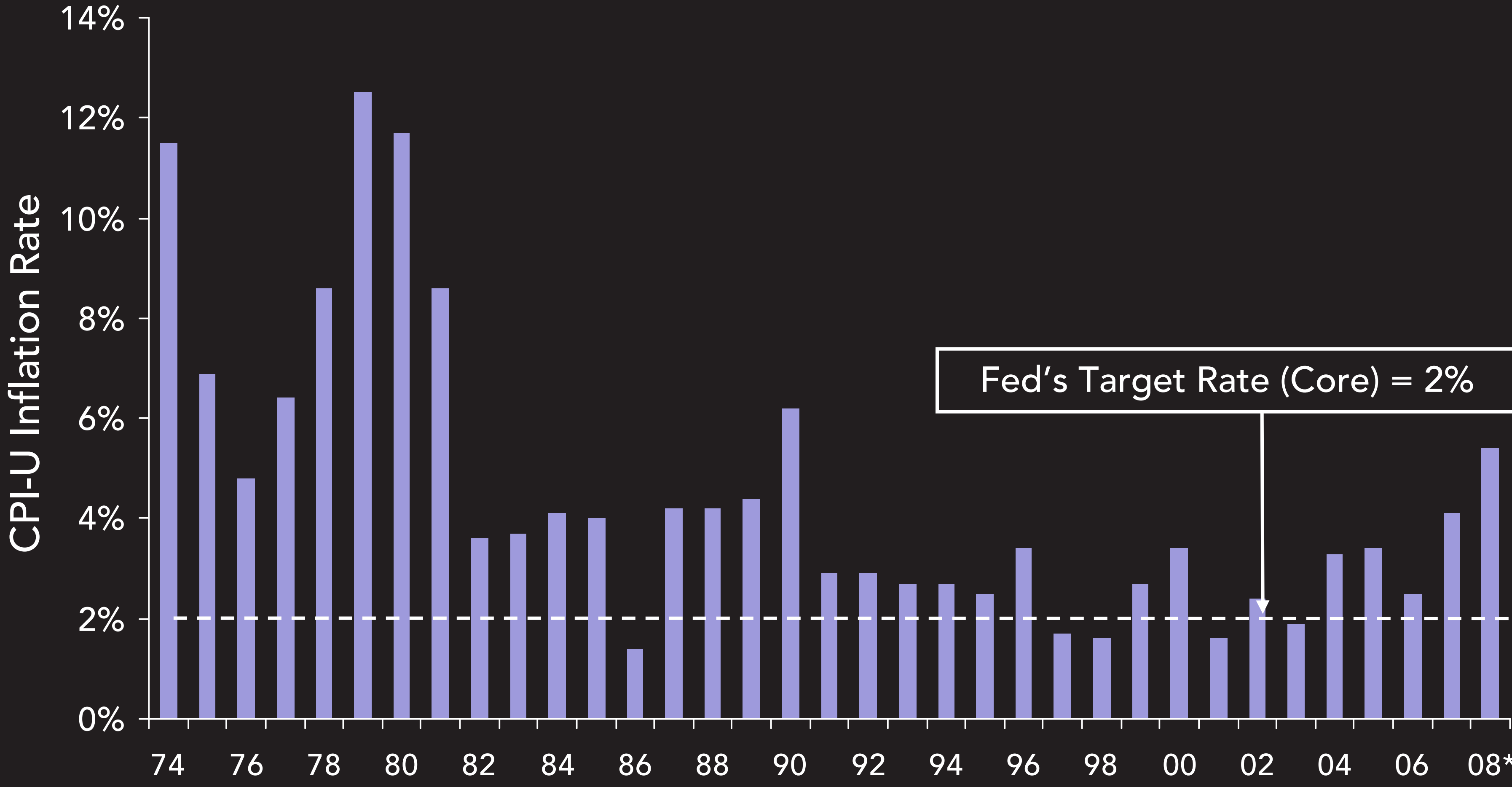
TRENDLINES® 2008

Dallas/Fort Worth

THE NATIONAL ECONOMY

U.S. INFLATION

1973 - 2008



Source: Bureau of Labor Statistics, Delta Associates; 10/16/08.

*12 month percentage change through August 2008.

PAYROLL JOB GROWTH

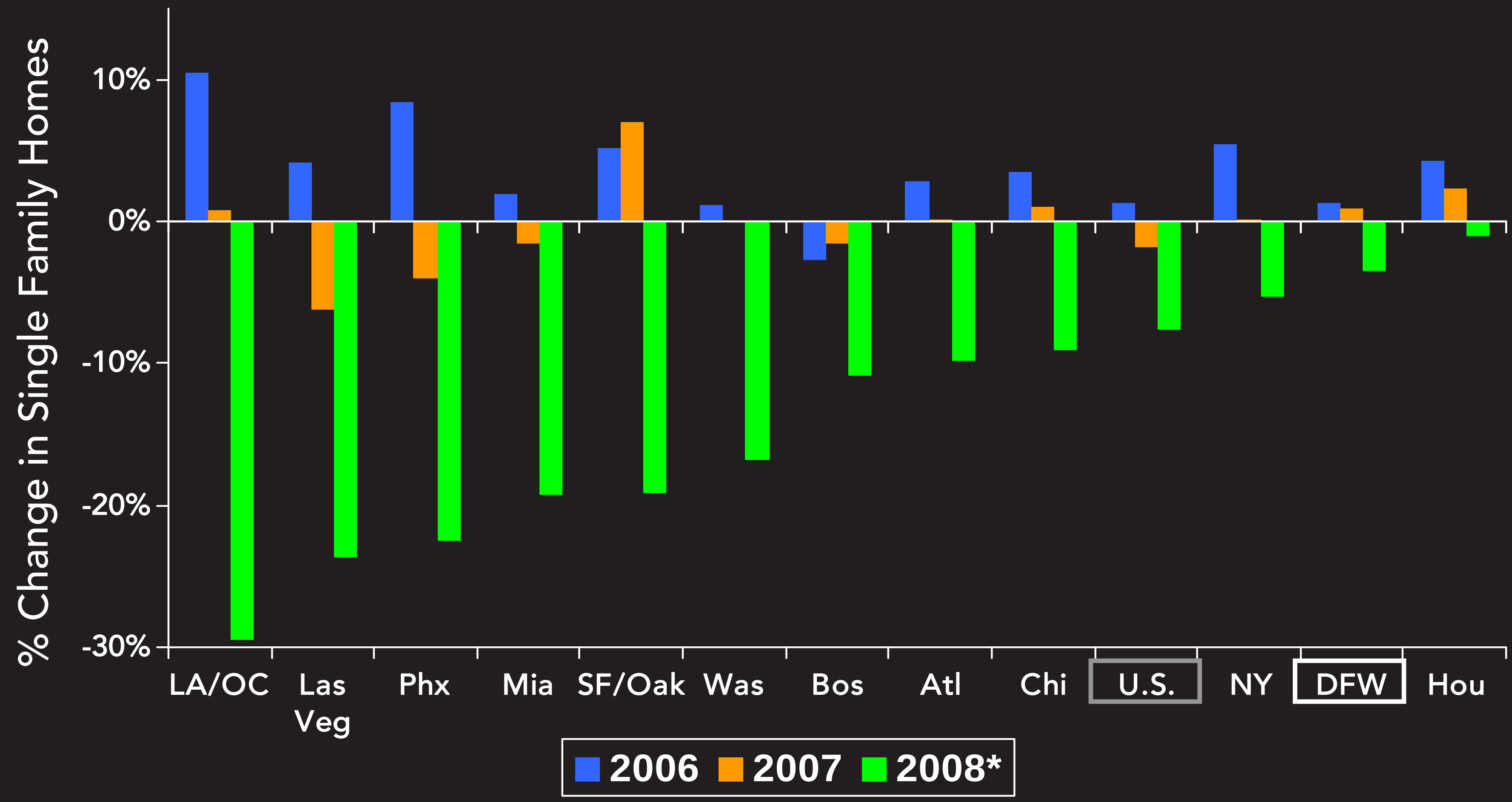
U.S. 1999 - 2008

Source: Bureau of Labor Statistics, Delta Associates, 10/16/08.

* Through September 2008.

CHANGE IN EXISTING HOME SALE PRICES

LARGE METRO AREAS 2006-2008

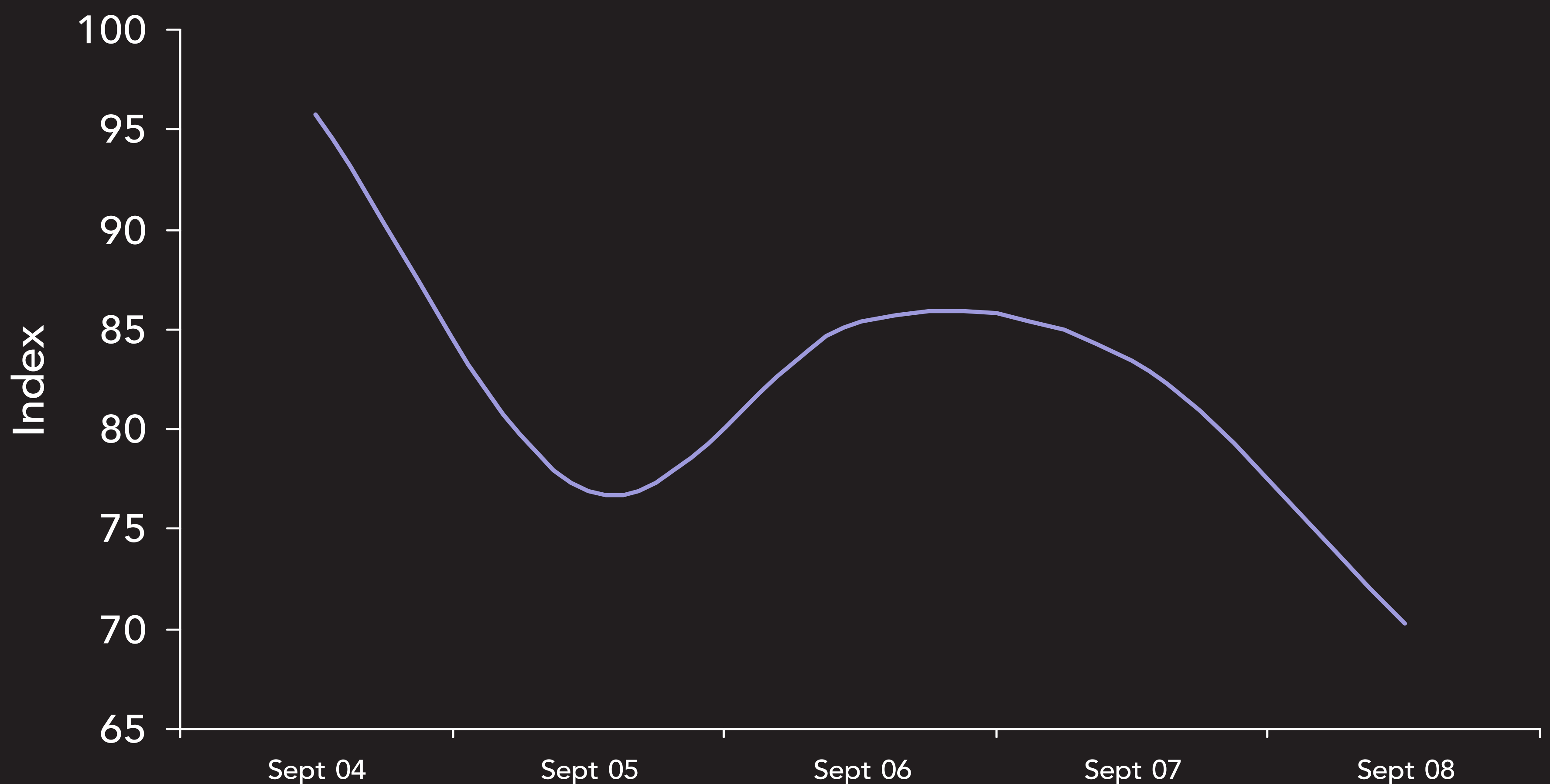


Source: National Association of Realtors, Delta Associates, 10/16/08.

*12 months ending Q2 2008.

CONSUMER SENTIMENT

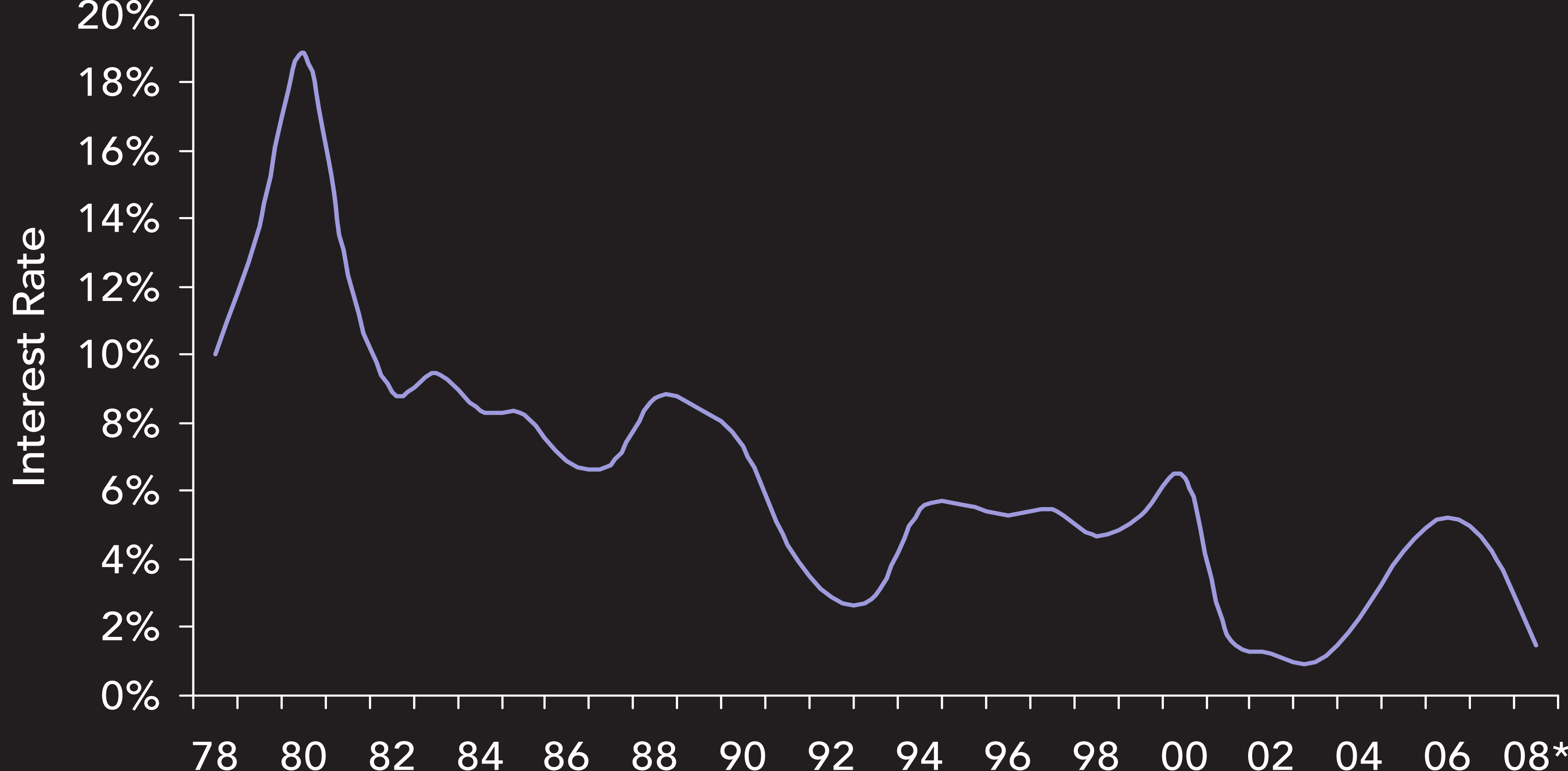
2004 –2008



Source: University of Michigan, Reuters, Bloomberg, Delta Associates; 10/16/08.

FEDERAL FUNDS RATE

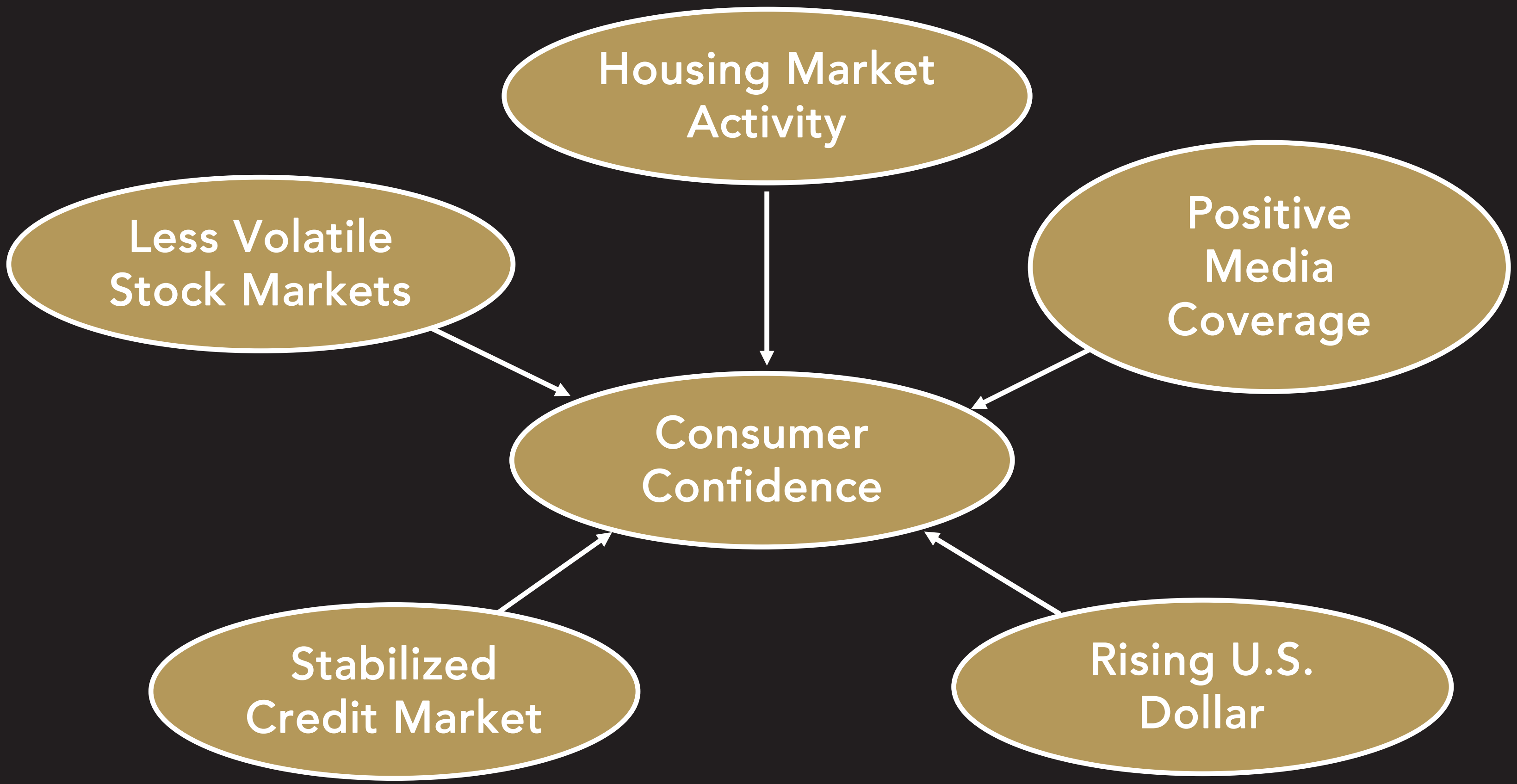
1978 - 2008



*At 10/16/08.

Source: Federal Reserve Board, Delta Associates, 10/16/08.

WHAT WILL REVIVE CONSUMER CONFIDENCE AND THEN THE ECONOMY?



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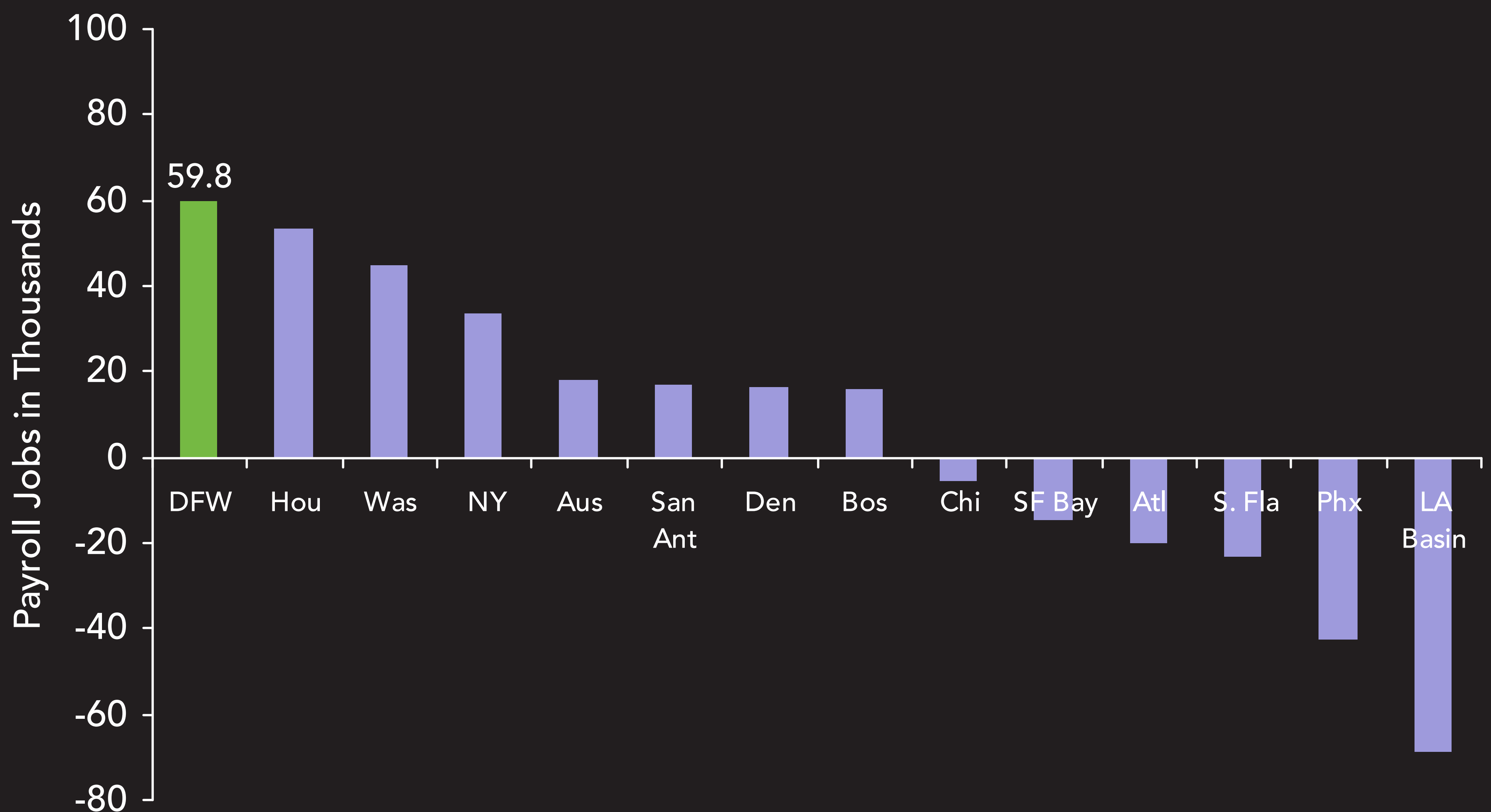
THE DFW ECONOMY

PAYROLL JOB GROWTH

LARGE METRO AREAS 12 MONTHS ENDING AUGUST 2008



Source: Bureau of Labor Statistics, Delta Associates; 10/16/08.

CORE INDUSTRIES

DALLAS/FORT WORTH 2007

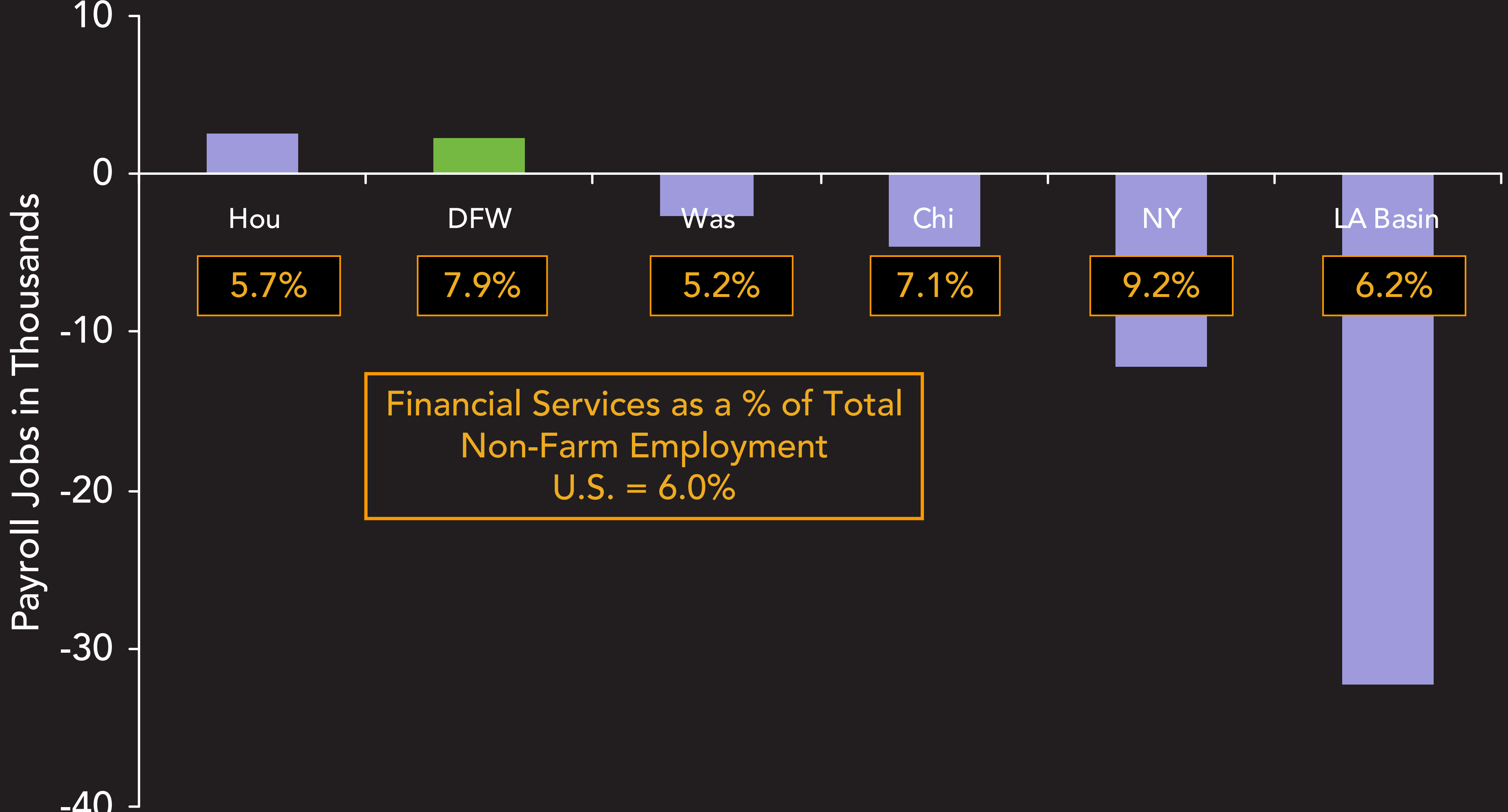
	$ (Bil)	% GRP
Fin./Prof./Tech. Services	$50	16%
State & Federal Govt.	$28	9%
Manufacturing	$24	8%
Construction	$16	5%
Transportation & Warehousing	$12	4%
Hospitality and Conventions	$11	4%
Education & Health Services	$10	3%
Total Core Industries:	$152	49%
Other	$163	51%
Total GRP	$314	100%

Source: George Mason University, Delta Associates; 10/16/08.

GRP = Gross Regional Product

FINANCIAL SERVICES JOB GROWTH

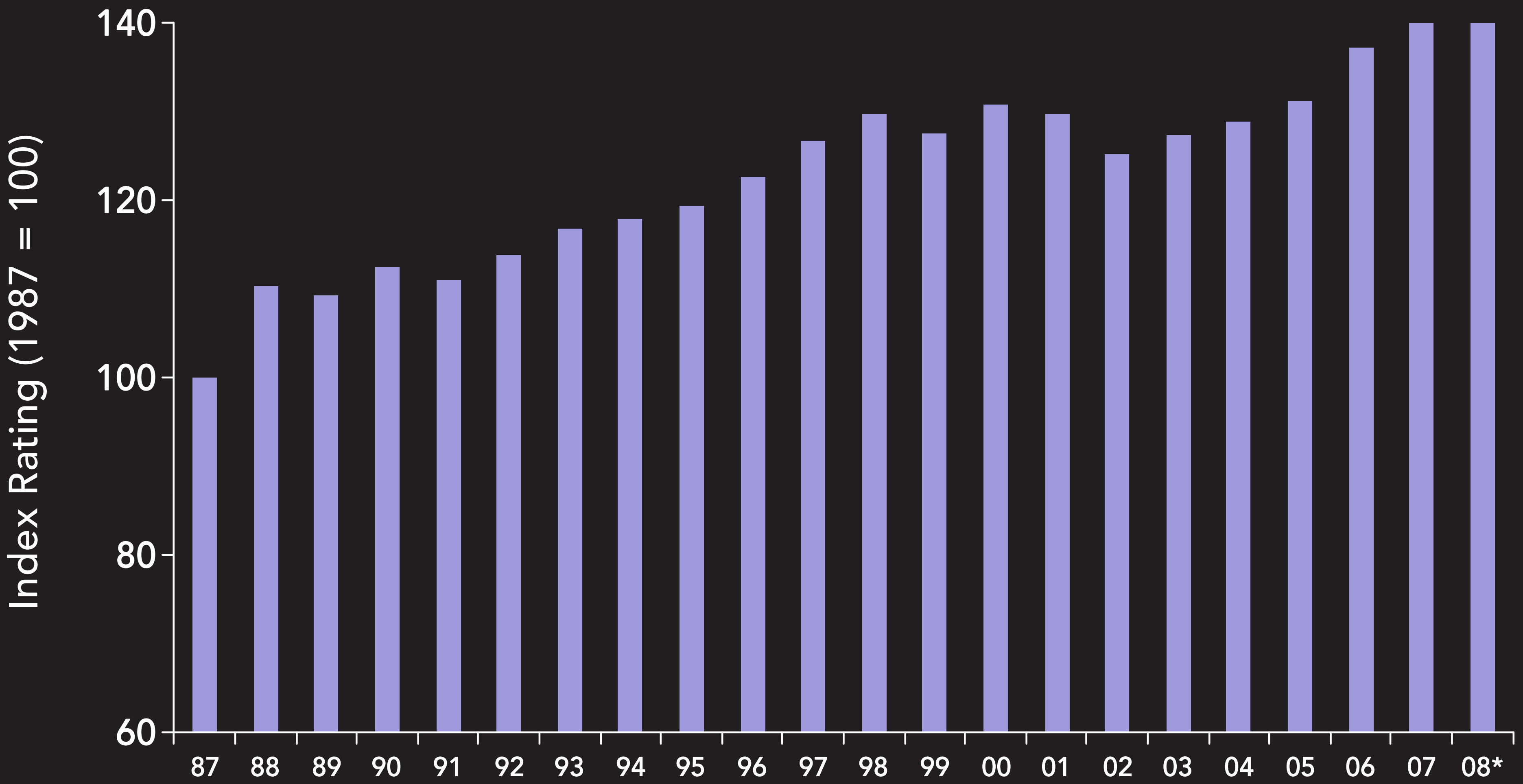
LARGE METRO AREAS 12 MONTHS ENDING AUGUST 2008



Source: Bureau of Labor Statistics, Delta Associates; 10/16/08.

MANUFACTURING

TEXAS INDUSTRIAL PRODUCTION INDEX 1987 – 2008

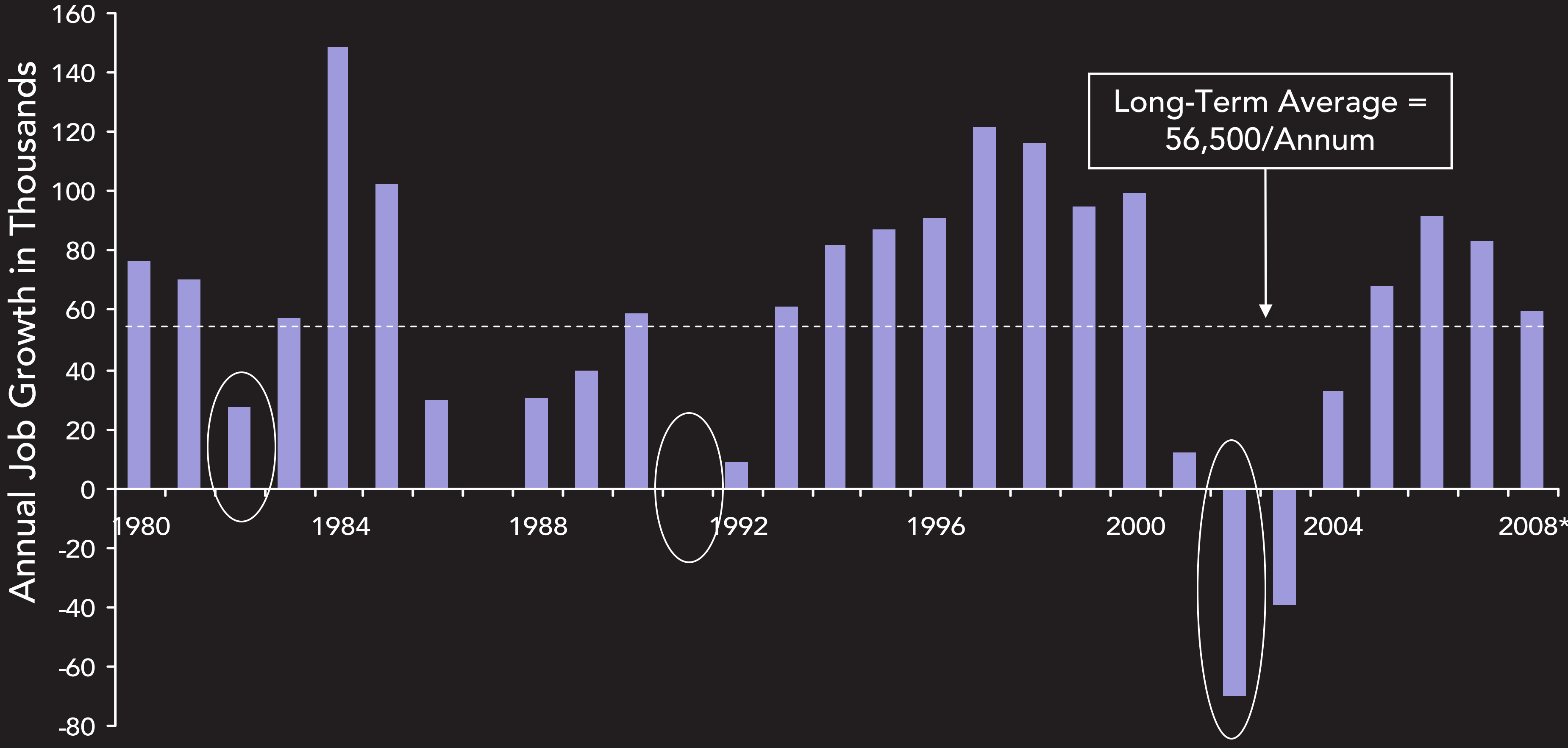


Source: Federal Reserve Bank of Dallas, Delta Associates, 10/16/08.

*Through August 2008.

PAYROLL JOB TRENDS

DALLAS/FORT WORTH 1980 – AUGUST 2008

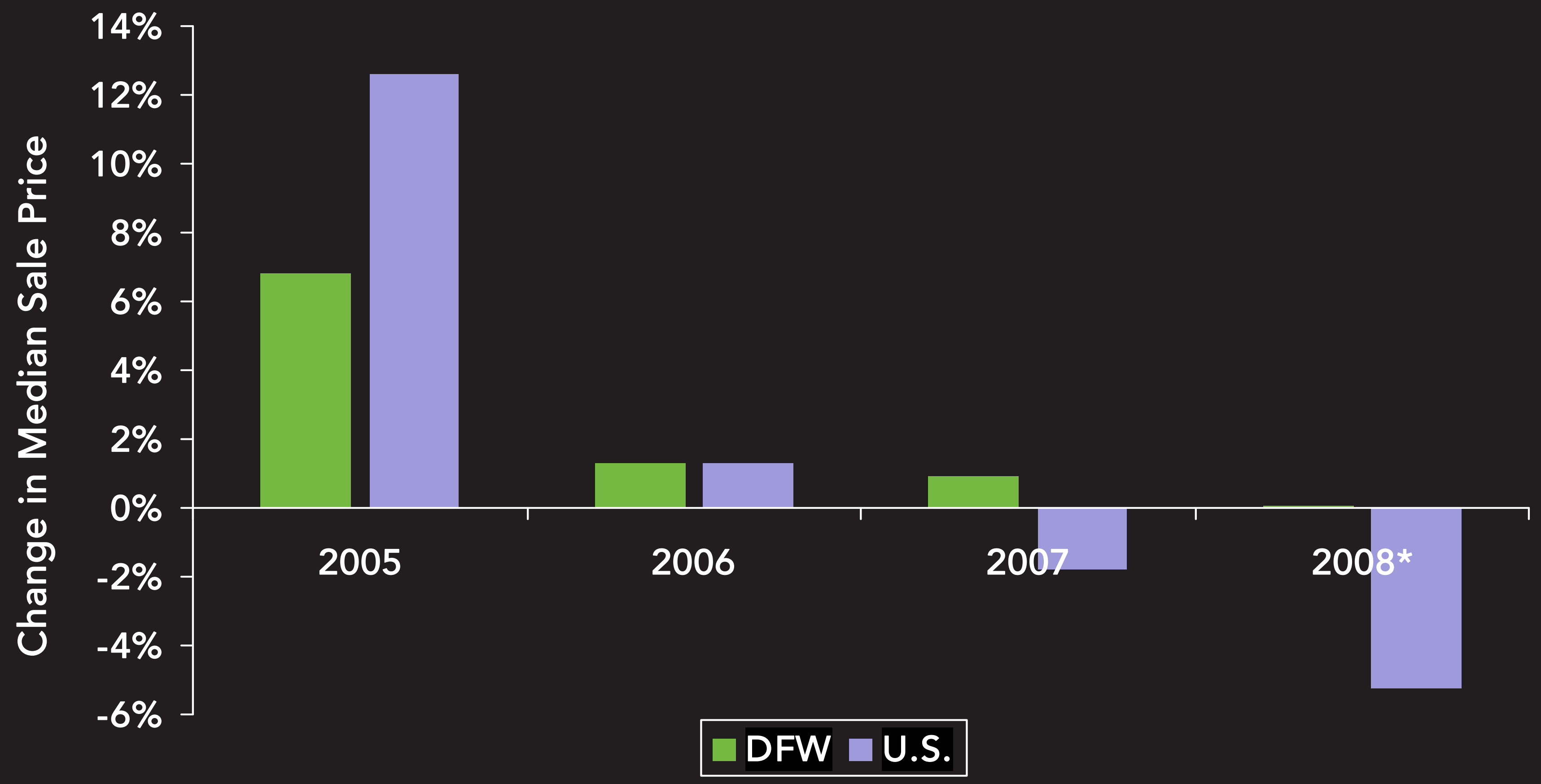


Source: Bureau of Labor Statistics, Delta Associates; 10/16/08.

*12 months ending August 2008.

CHANGE IN MEDIAN SINGLE FAMILY HOME PRICE

DALLAS/FORT WORTH METRO AREA AND U.S. 2005 – 2008



Source: National Association of Realtors, Delta Associates; 10/16/08.

*Change for 1st half 2008.

RESIDENTIAL FORECLOSURE INITIATION RATE

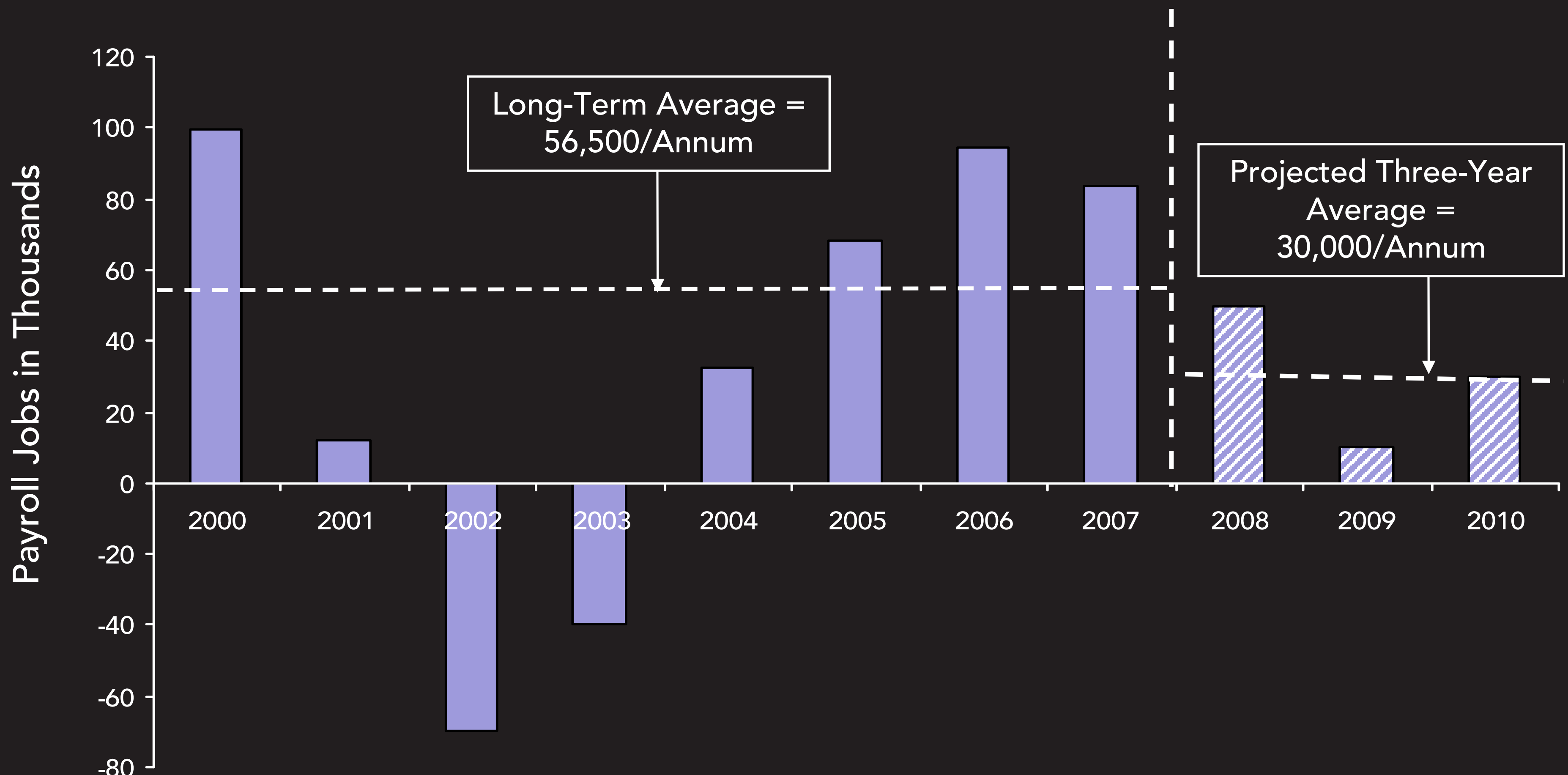
TEXAS AND U.S. 2000 - 2008

Source: Federal Reserve Bank of Dallas, Delta Associates; 10/16/08.

Note: Data for 2nd quarter of each year.

PAYROLL JOB TRENDS AND FORECAST

DALLAS/FORT WORTH 2000 - 2010



Source: Bureau of Labor Statistics, Delta Associates; 10/16/08.

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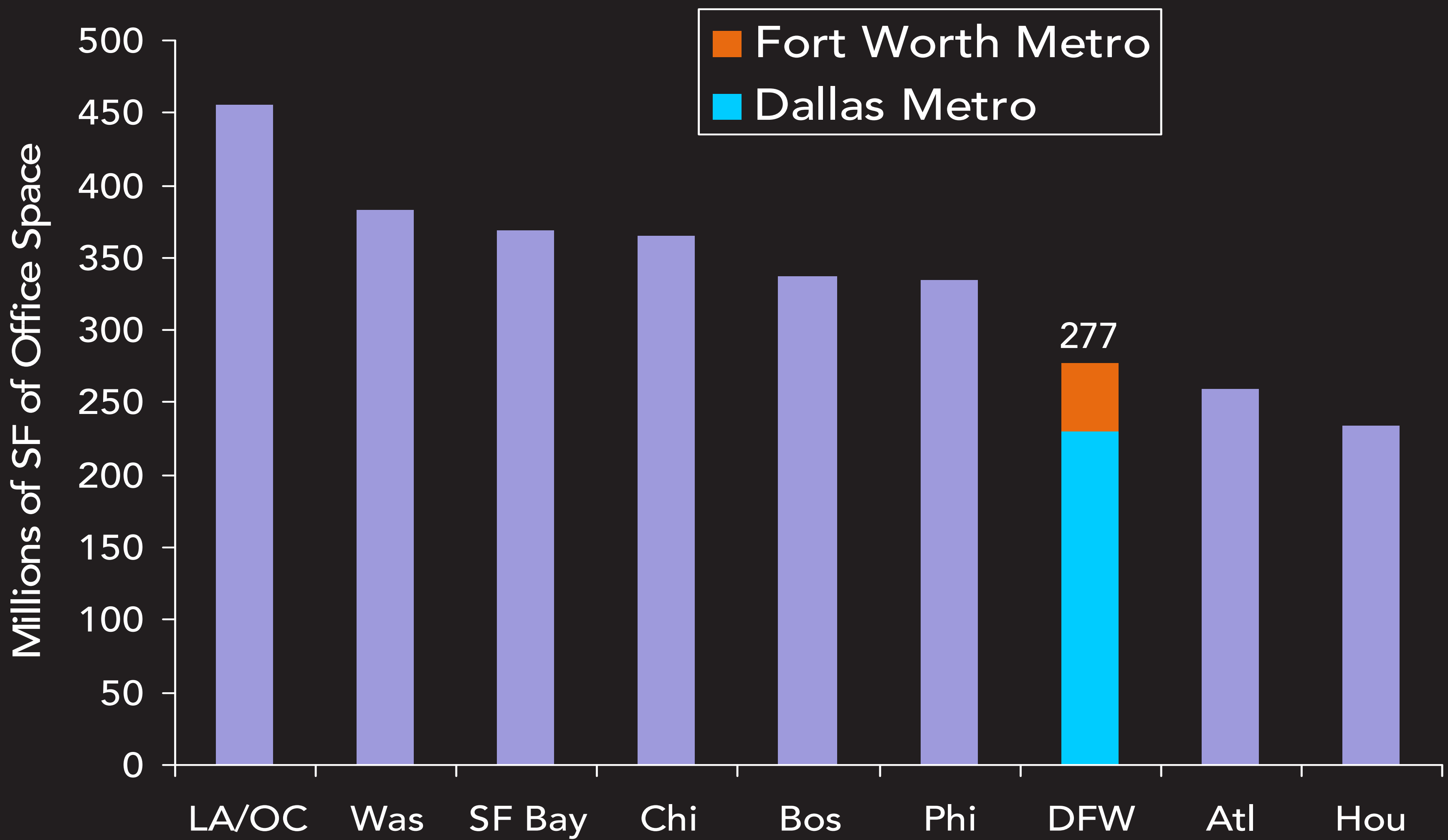
Dallas/Fort Worth

THE DFW OFFICE MARKET

LARGEST U.S. OFFICE MARKETS

2008

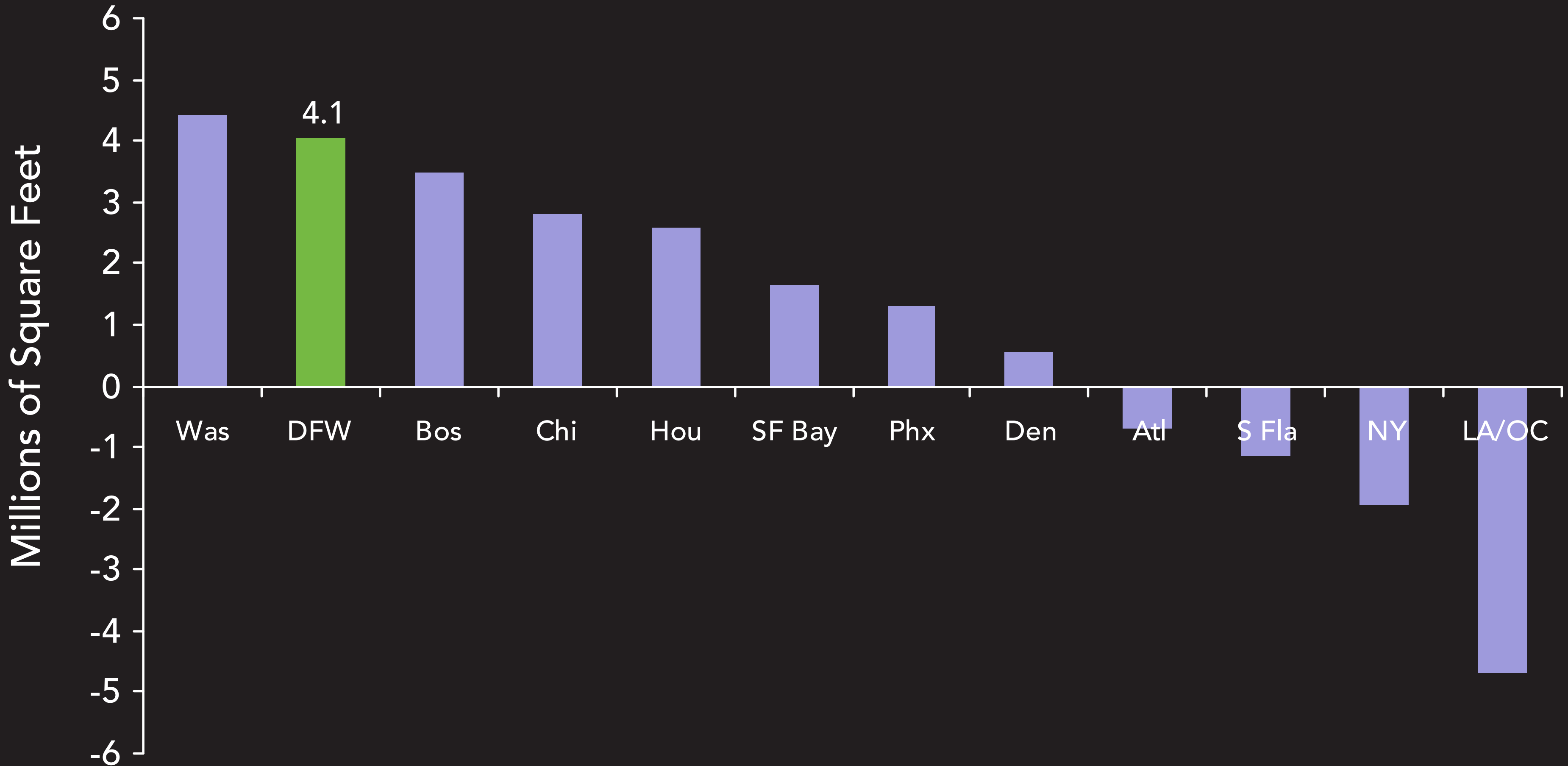


Source: CoStar, Delta Associates; 10/16/08.

Note: Excludes New York at 982 million SF.

NET ABSORPTION OF OFFICE SPACE

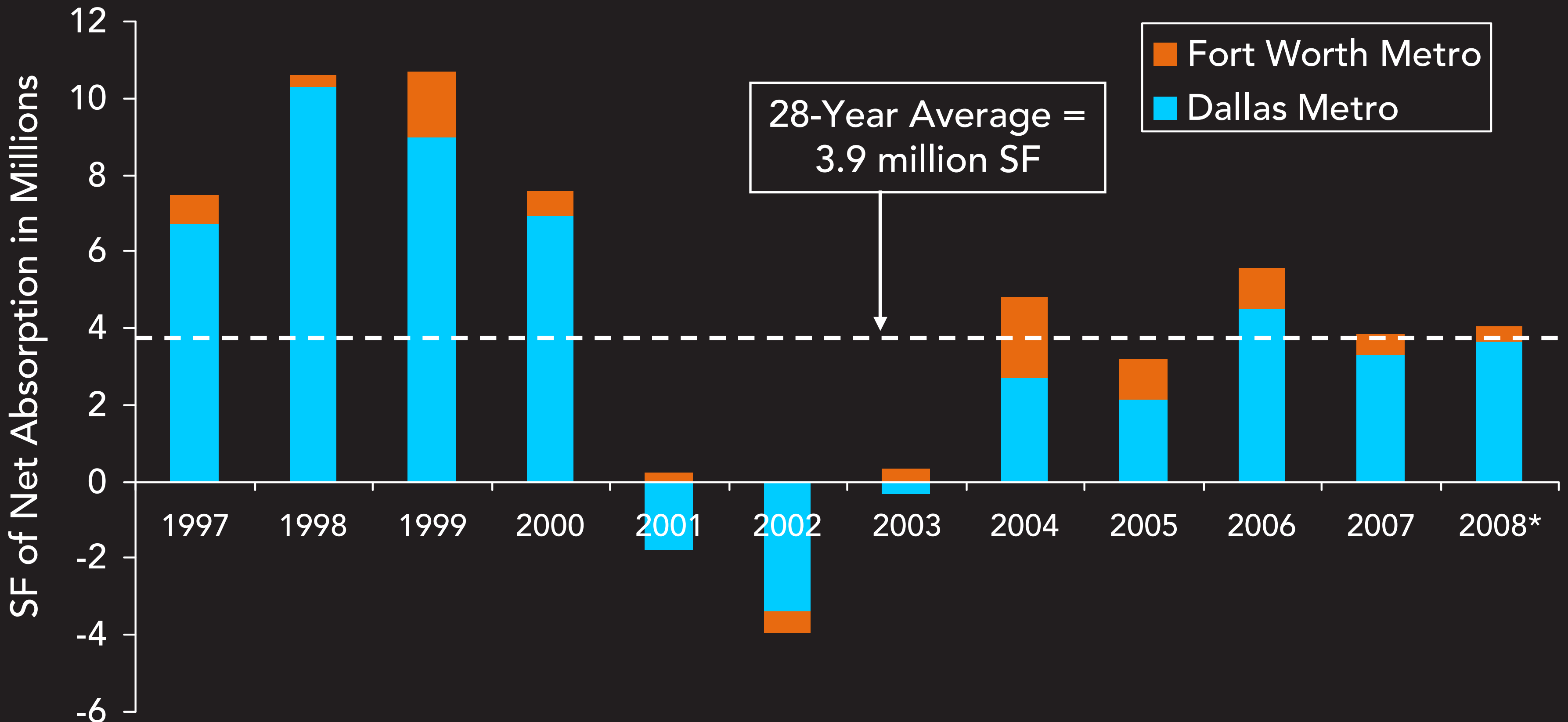
SELECT METRO AREAS   JANUARY – SEPTEMBER 2008, ANNUALIZED



Source: CoStar, Delta Associates; 10/16/08.

OFFICE NET ABSORPTION

DALLAS/FORT WORTH 1997 – 2008

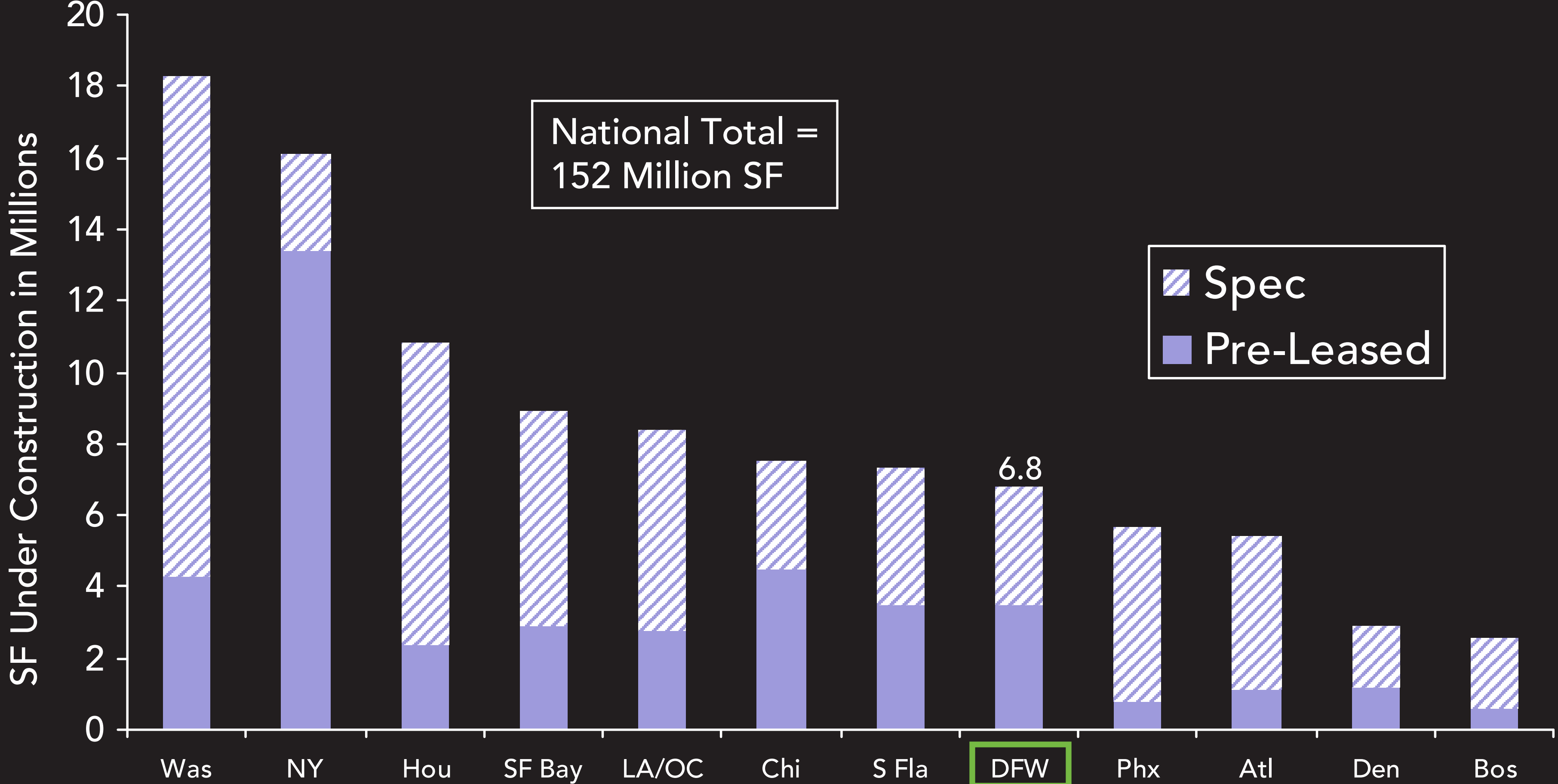


Source: CoStar, Delta Associates; 10/16/08.

*YTD through September, annualized.

OFFICE SPACE UNDER CONSTRUCTION

SELECT METRO AREAS SEPTEMBER 2008



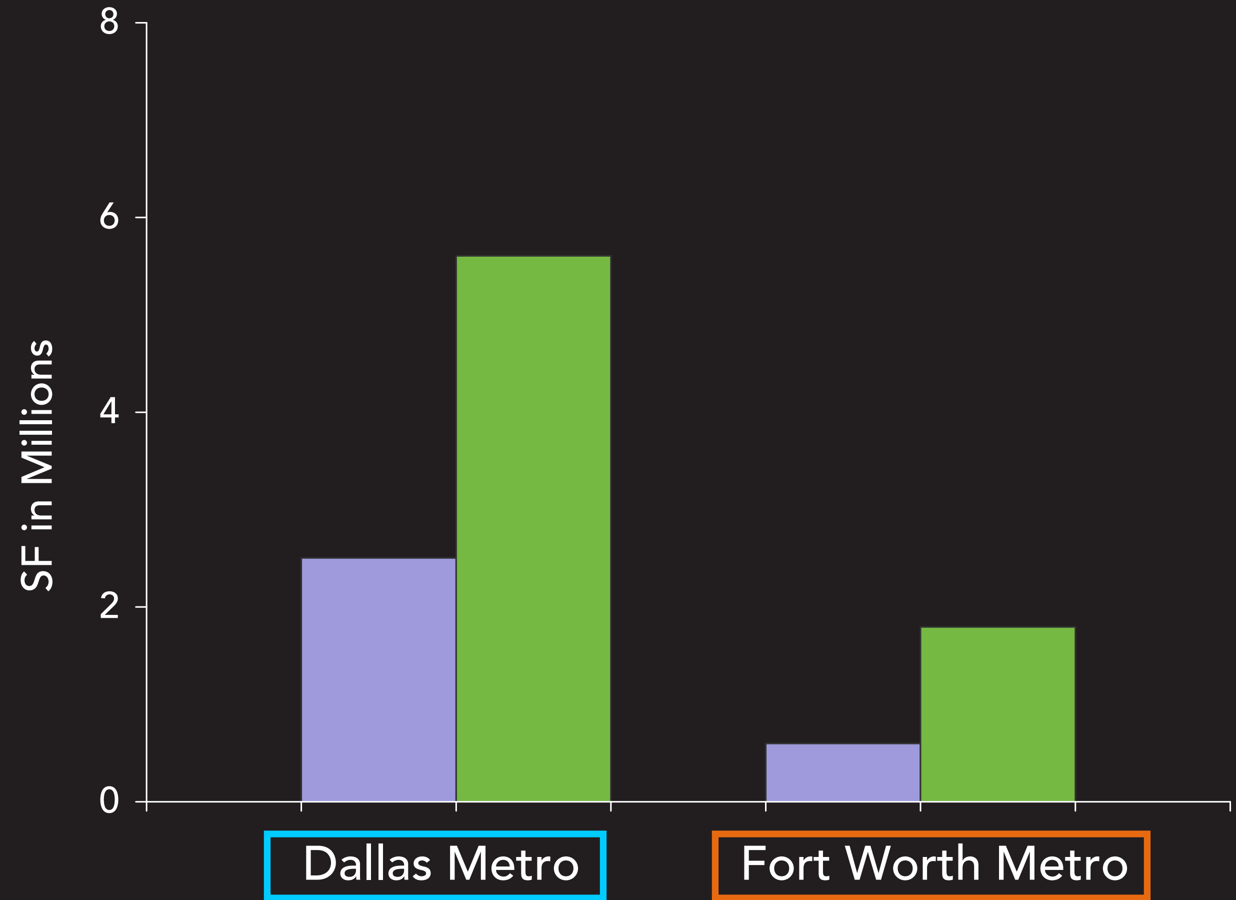
% of Inventory: 2.4%
Years of Supply*: 1.7

Source: CoStar, Delta Associates; 10/16/08.

*At long-term absorption pace.

OFFICE SPACE DEMAND & DELIVERIES

DALLAS/FORT WORTH   24 MONTHS ENDING SEPTEMBER 2010



= Demand

1.55 million SF / year = 3.1 million SF

= Deliveries

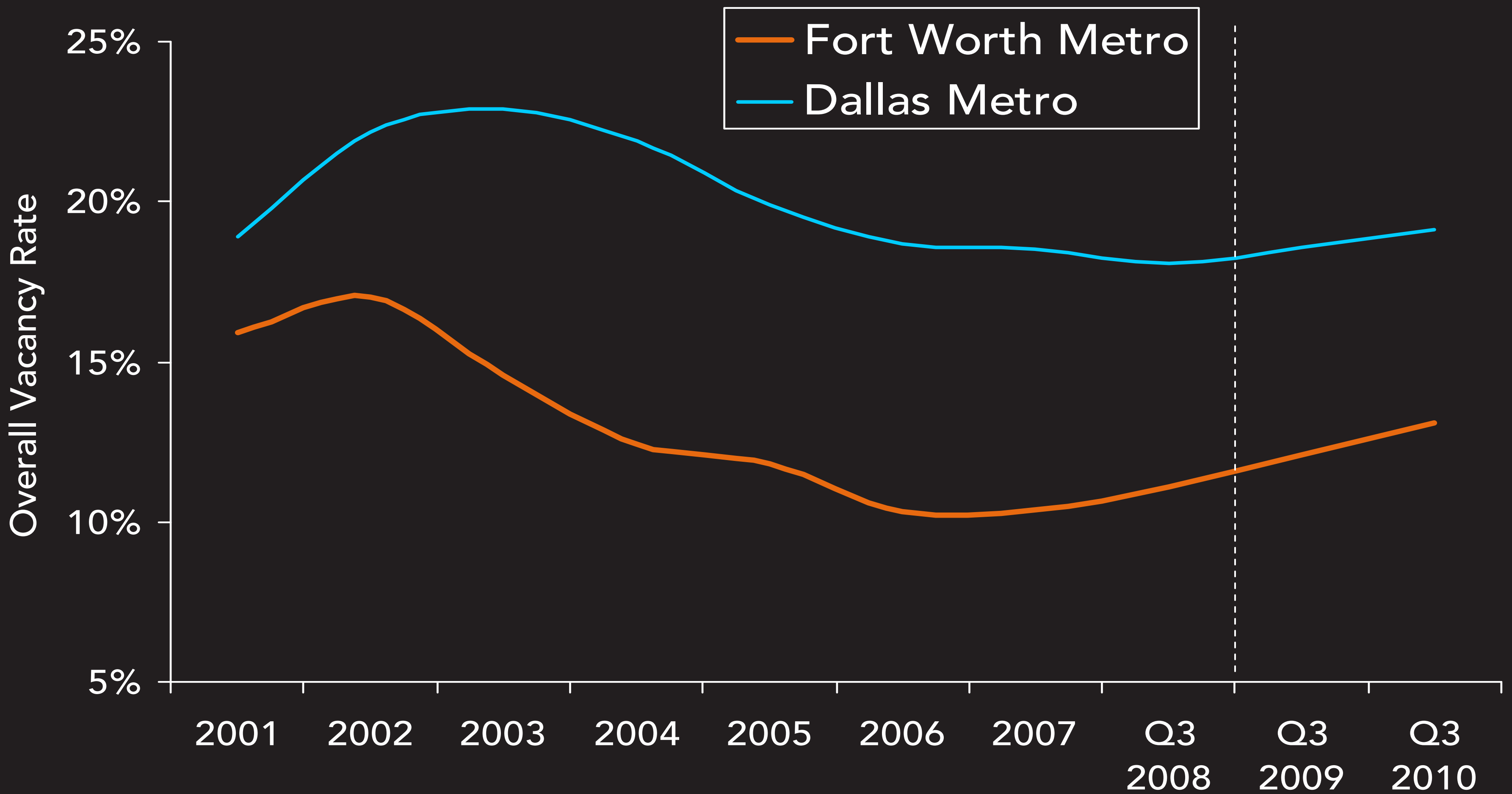
- Planned and may deliver by 9/10: 600,000 SF
- U/C = 6.8 million SF

Total = 7.4 million SF

Source: CoStar, Delta Associates; 10/16/08.

OFFICE VACANCY RATES

DALLAS/FORT WORTH   2001 – SEPTEMBER 2010

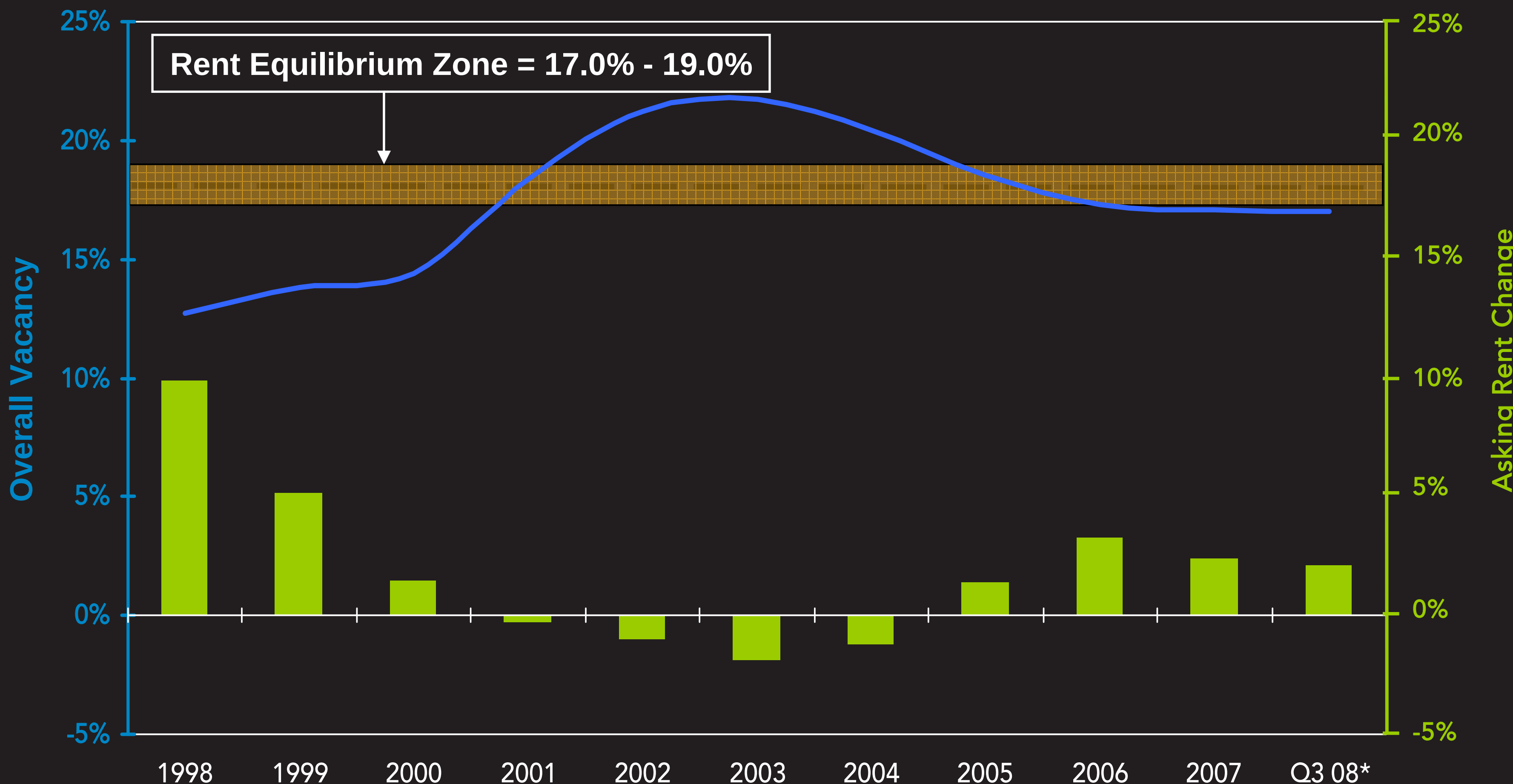


DFW	18.4%	21.3%	21.7%	20.4%	18.5%	17.3%	17.1%	17.0%	17.6%	18.1%

Source: CoStar, Delta Associates; 10/16/08.

OVERALL VACANCY RATE vs. ASKING RENT CHANGE

DALLAS/FORT WORTH METRO AREA 1998 – 3RD QUARTER 2008

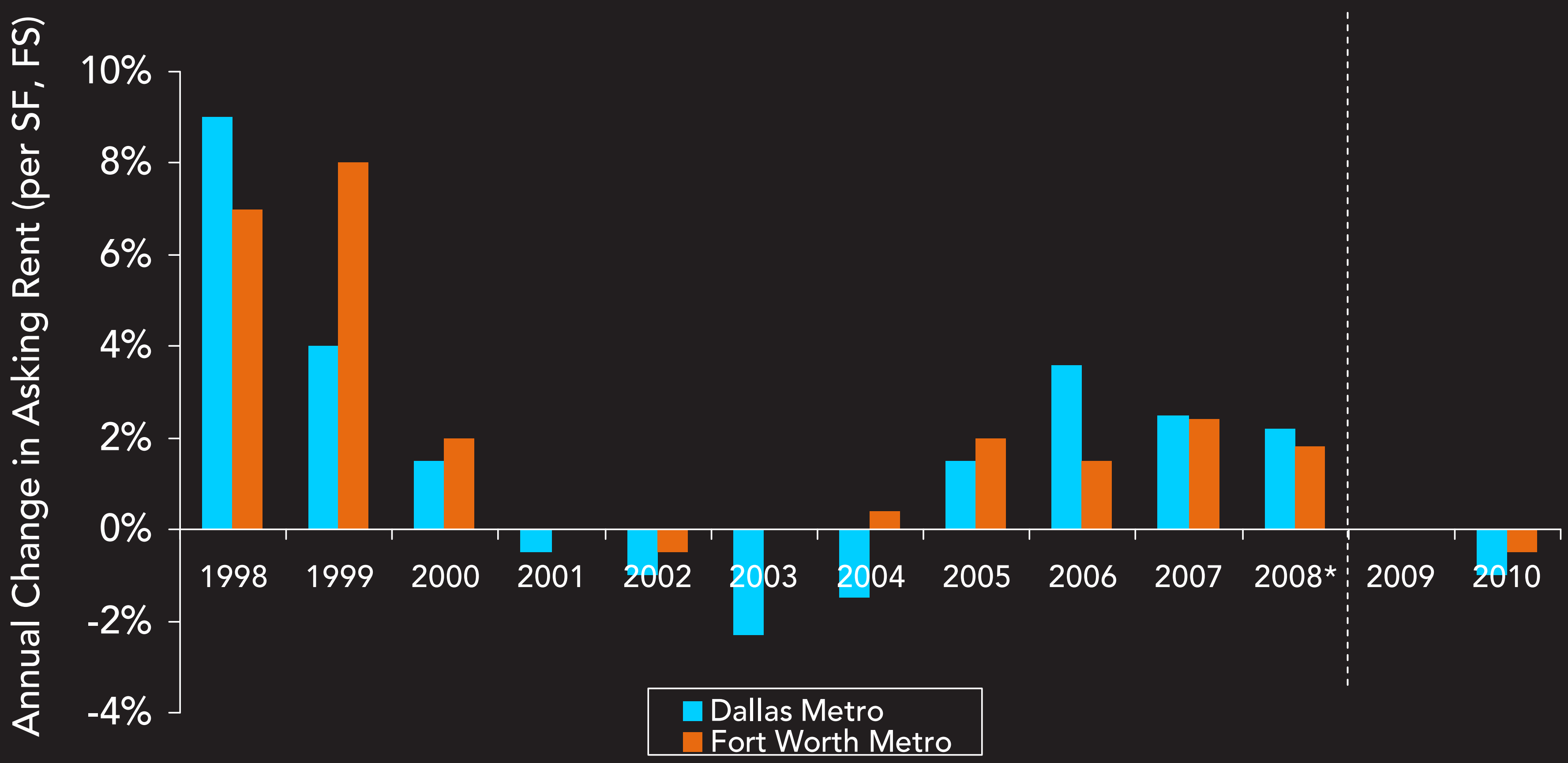


Source: CoStar, Delta Associates; 10/16/08.

*Rent growth through 3rd quarter, annualized.

ANNUAL OFFICE RENT GROWTH

DALLAS/FORT WORTH ALL CLASSES AND SUBMARKETS 1998 – 2010



Source: CoStar, Delta Associates; 10/16/08.

*YTD through September, annualized.

OFFICE SUBMARKETS LIKELY TO OUTPERFORM
DALLAS/FORT WORTH METRO AREA

- **Dallas**
  - Uptown/Turtle Creek
  - Central Expressway
  - Preston Center
  - Upper Tollway/West Plano
- **Fort Worth**
  - CBD
  - Alliance Air/Fossil Creek
  - Southwest Fort Worth

Source: Delta Associates; 10/16/08.

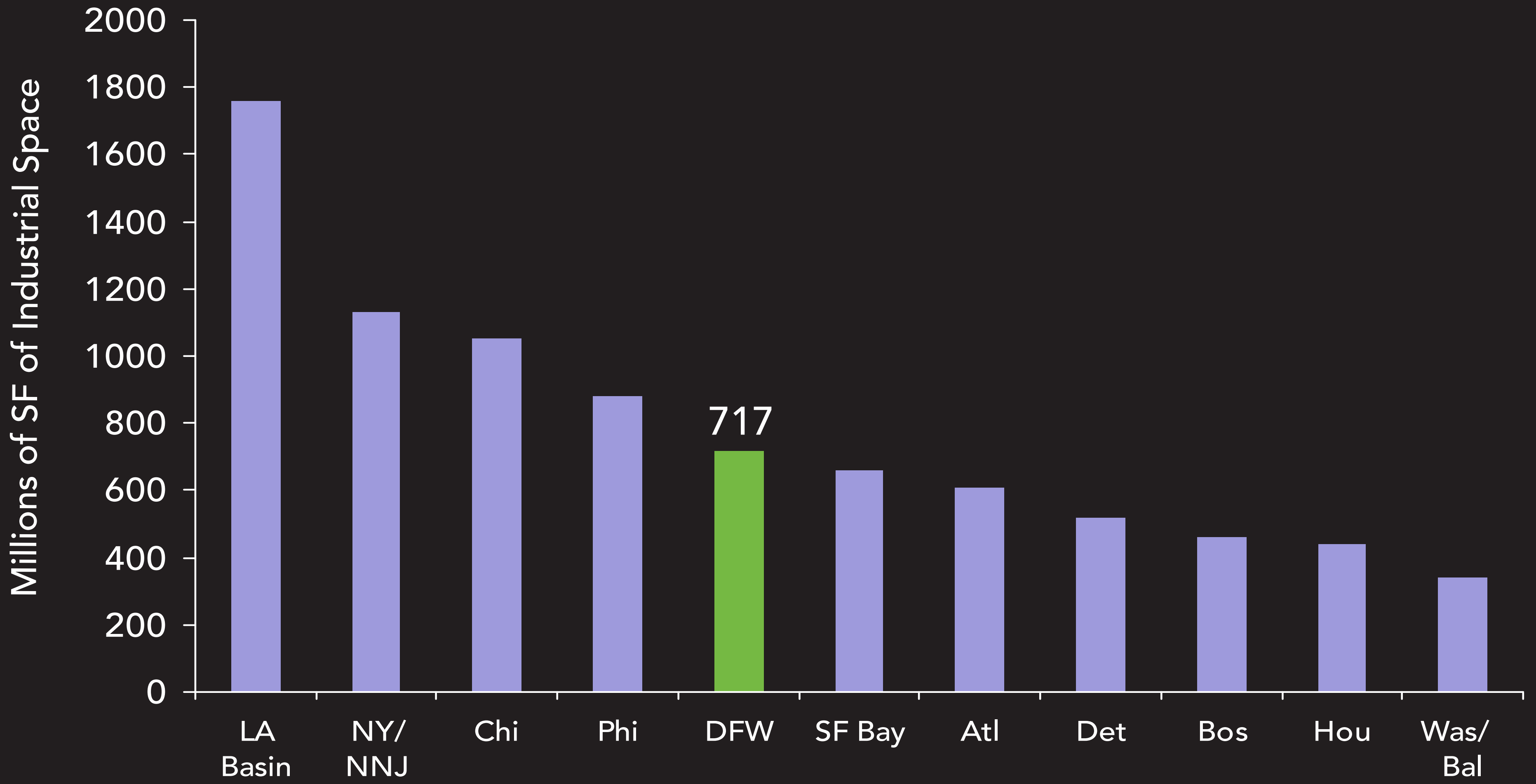
TRENDLINES® 2008

Dallas/Fort Worth

THE DFW INDUSTRIAL MARKET

LARGEST U.S. INDUSTRIAL MARKETS

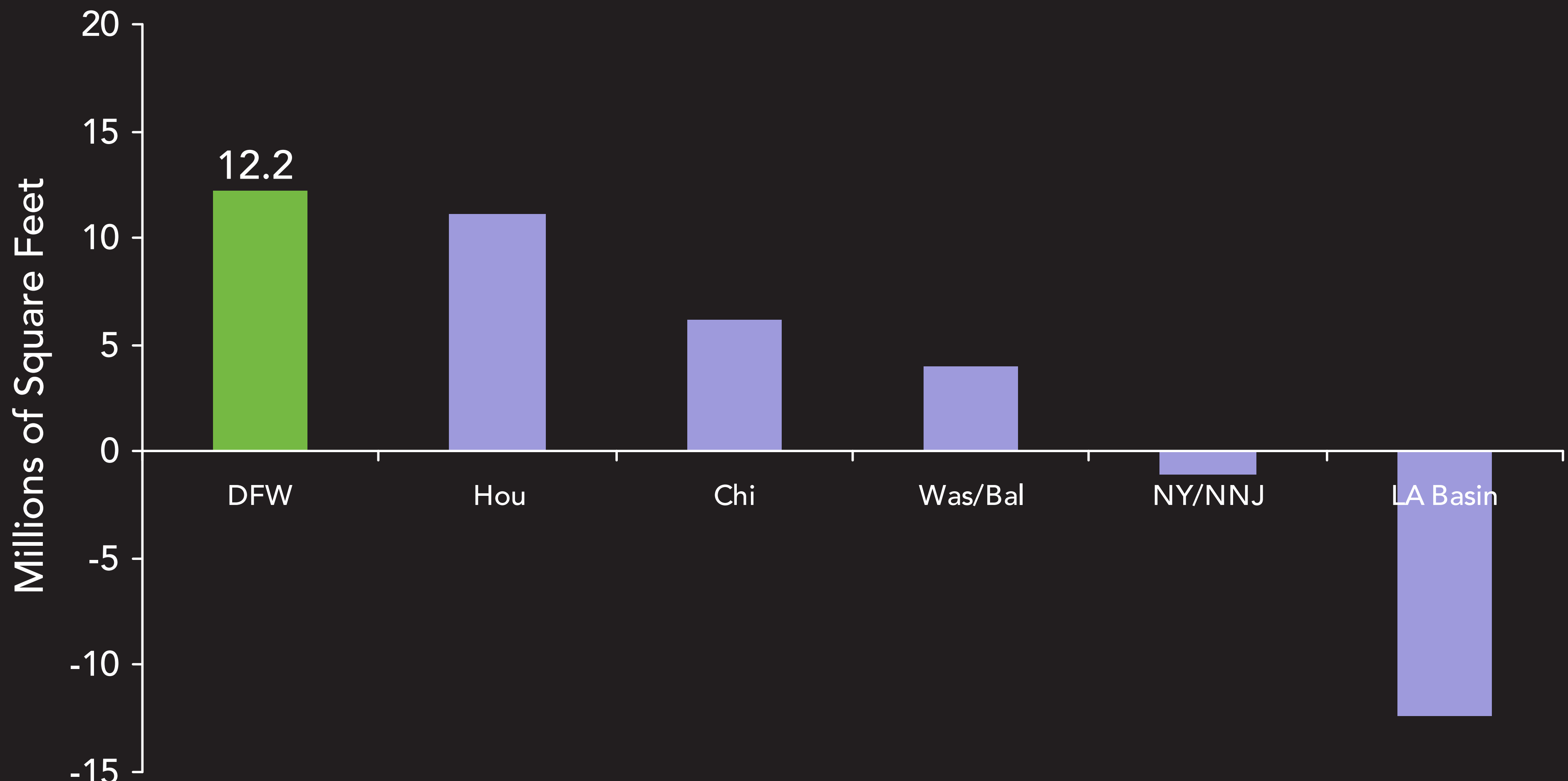
2008



Source: CoStar, Delta Associates; 10/16/08.

NET ABSORPTION OF INDUSTRIAL SPACE

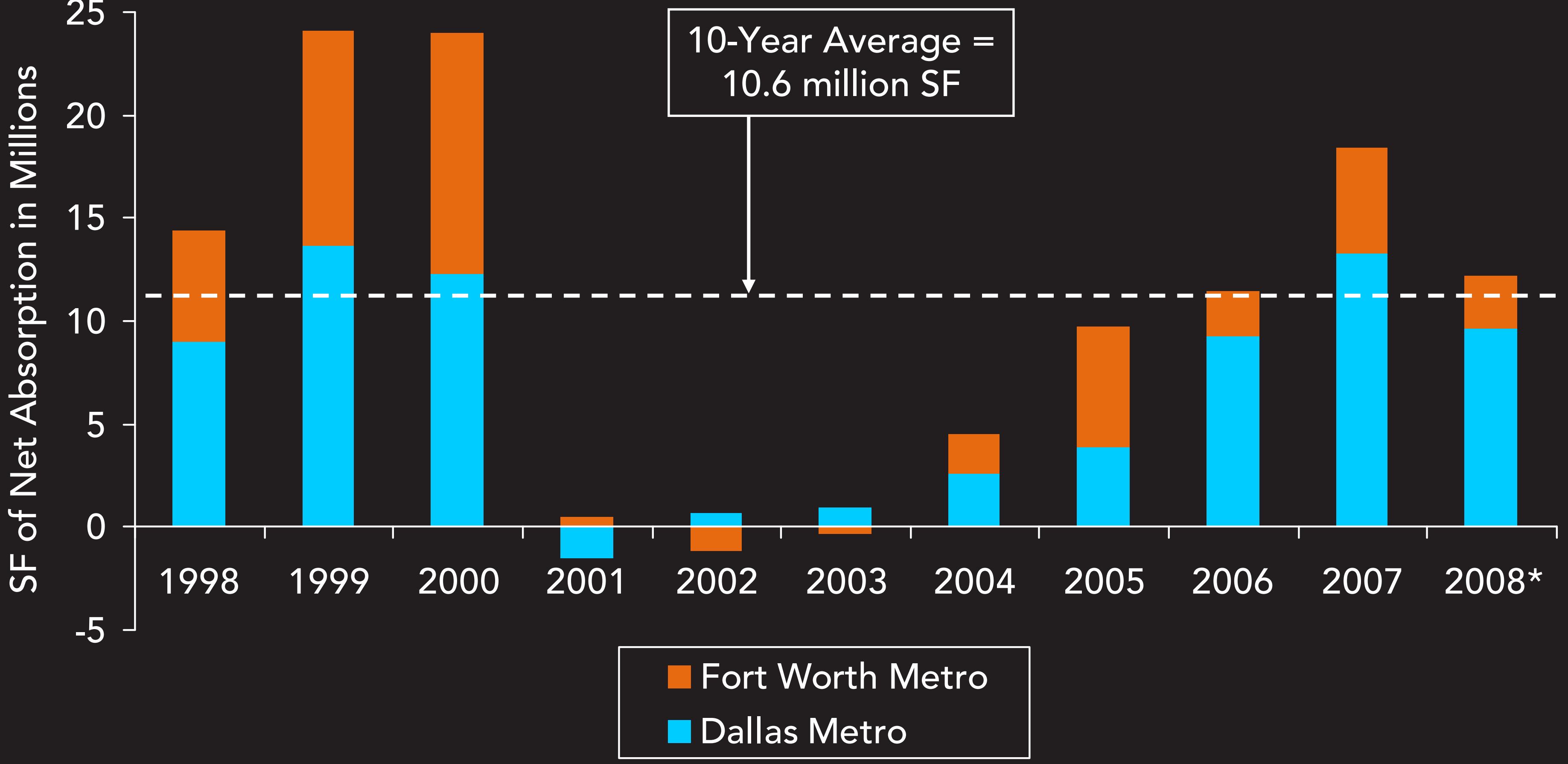
SELECT METRO AREAS JANUARY – SEPTEMBER 2008, ANNUALIZED



Source: CoStar, Delta Associates; 10/16/08.

INDUSTRIAL NET ABSORPTION

DALLAS/FORT WORTH 1998 – 2008

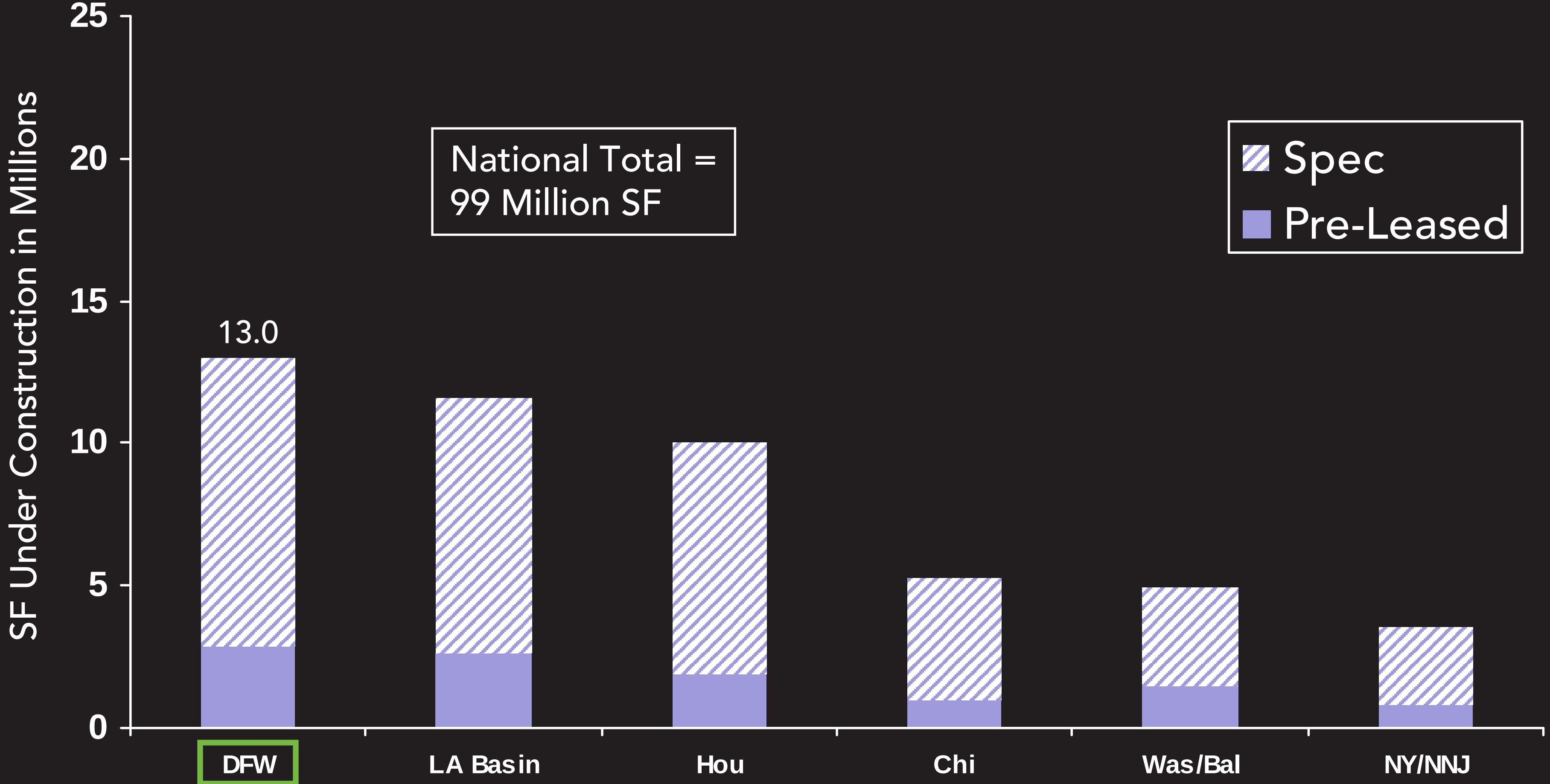


Source: CoStar, Delta Associates; 10/16/08.

*YTD through September, annualized.

INDUSTRIAL SPACE UNDER CONSTRUCTION

SELECT METRO AREAS   SEPTEMBER 2008



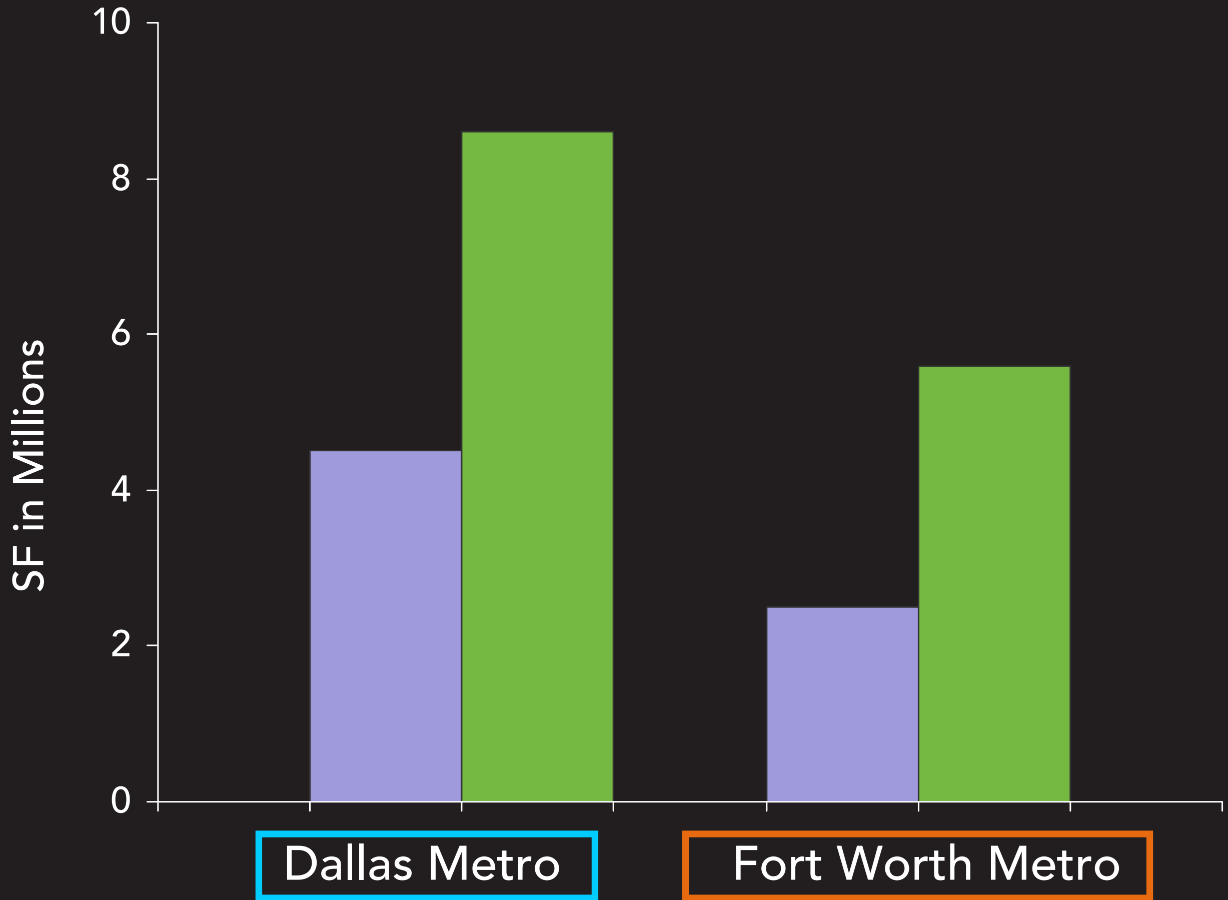
% of Inventory: 1.8%
Years of Supply*: 1.2

Source: CoStar, Delta Associates; 10/16/08.

*At long-term absorption pace.

INDUSTRIAL SPACE DEMAND & DELIVERIES

DALLAS/FORT WORTH 12 MONTHS ENDING SEPTEMBER 2009



= Demand

7.0 million SF

= Deliveries

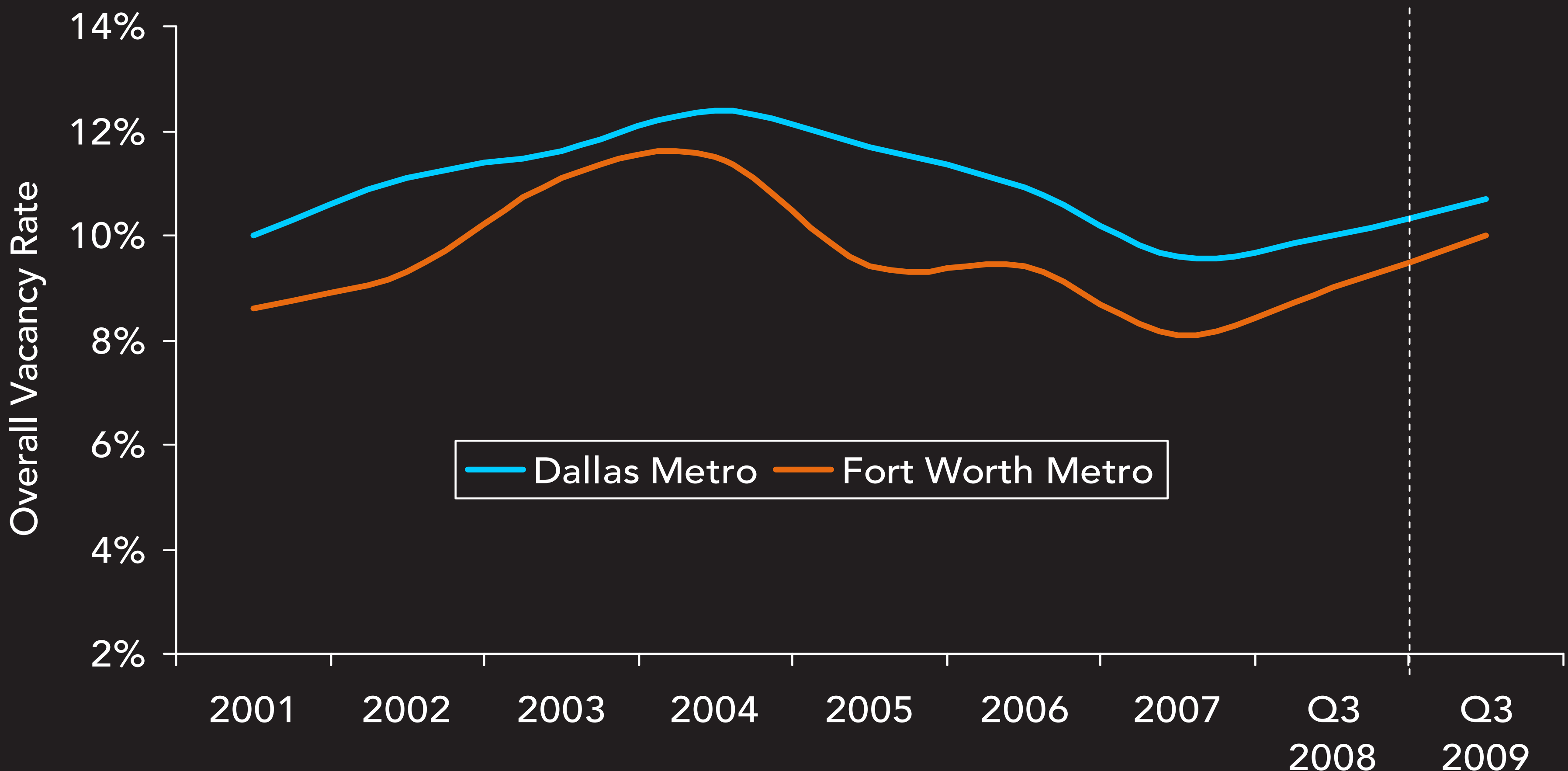
- Planned and may deliver by 9/09: 1.1 million SF
- U/C = 13.0 million SF

Total = 14.1 million SF

Source: CoStar, Delta Associates; 10/16/08.

INDUSTRIAL VACANCY RATES

DALLAS/FORT WORTH   2001 – SEPTEMBER 2009

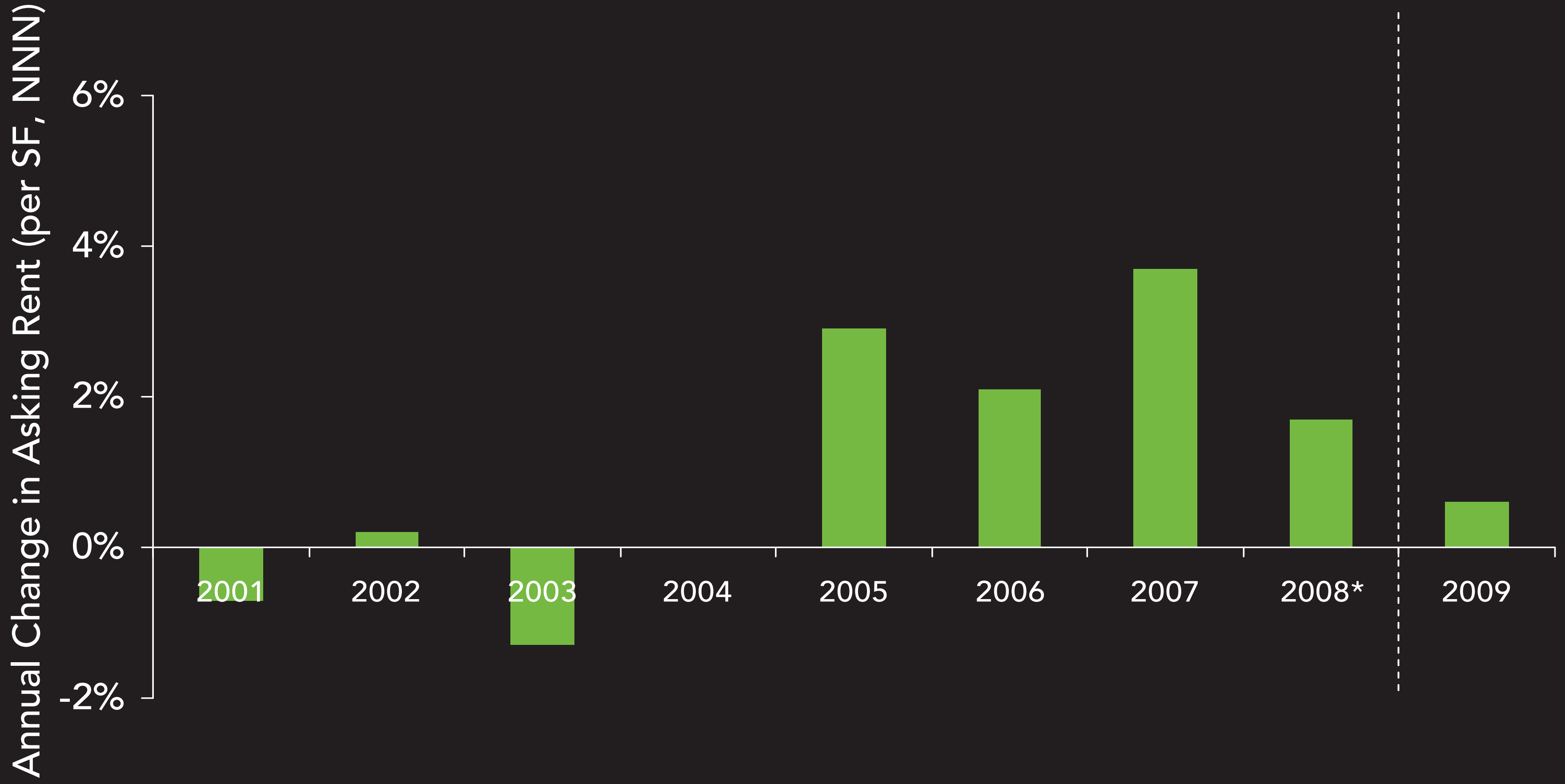


DFW	9.6%	10.4%	11.4%	12.1%	10.9%	10.4%	9.0%	9.7%	10.5%

Source: CoStar, Delta Associates; 10/16/08.

ANNUAL INDUSTRIAL RENT GROWTH

DALLAS/FORT WORTH ALL SUBMARKETS 2001 – 2009



Source: CoStar, Delta Associates; 10/16/08.

*YTD, annualized.

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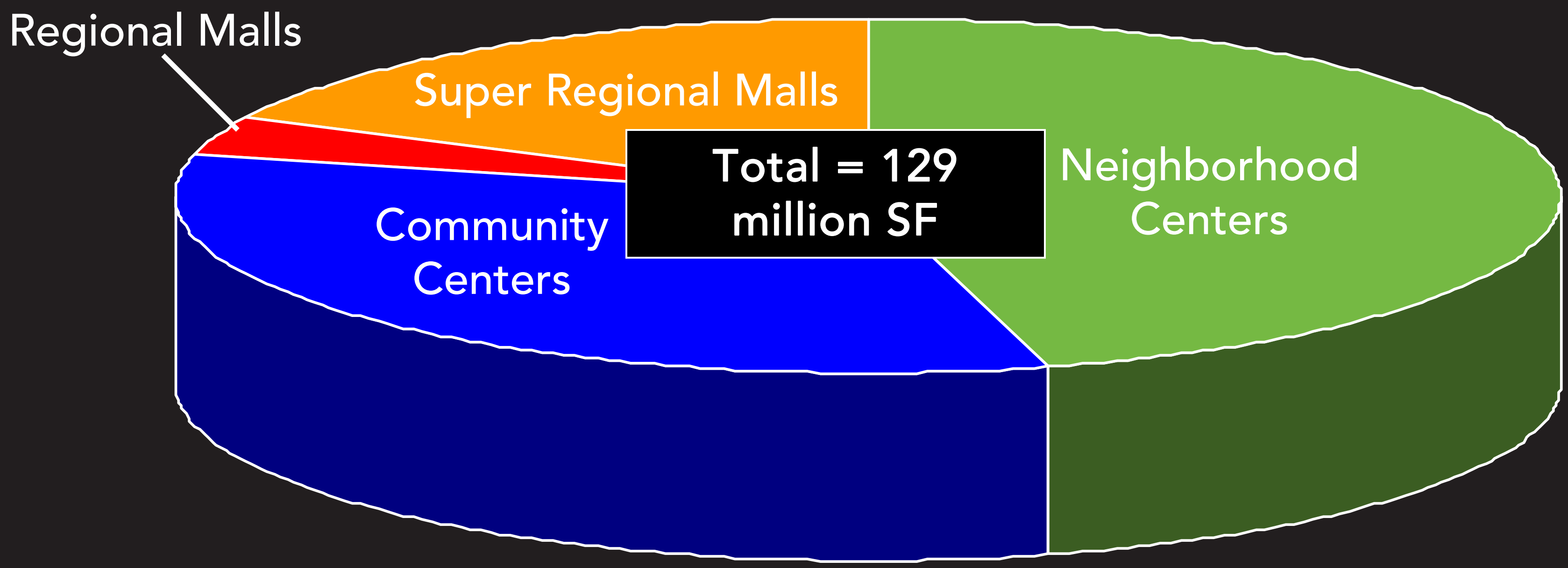
Dallas/Fort Worth

THE DFW RETAIL MARKET

RETAIL MARKET

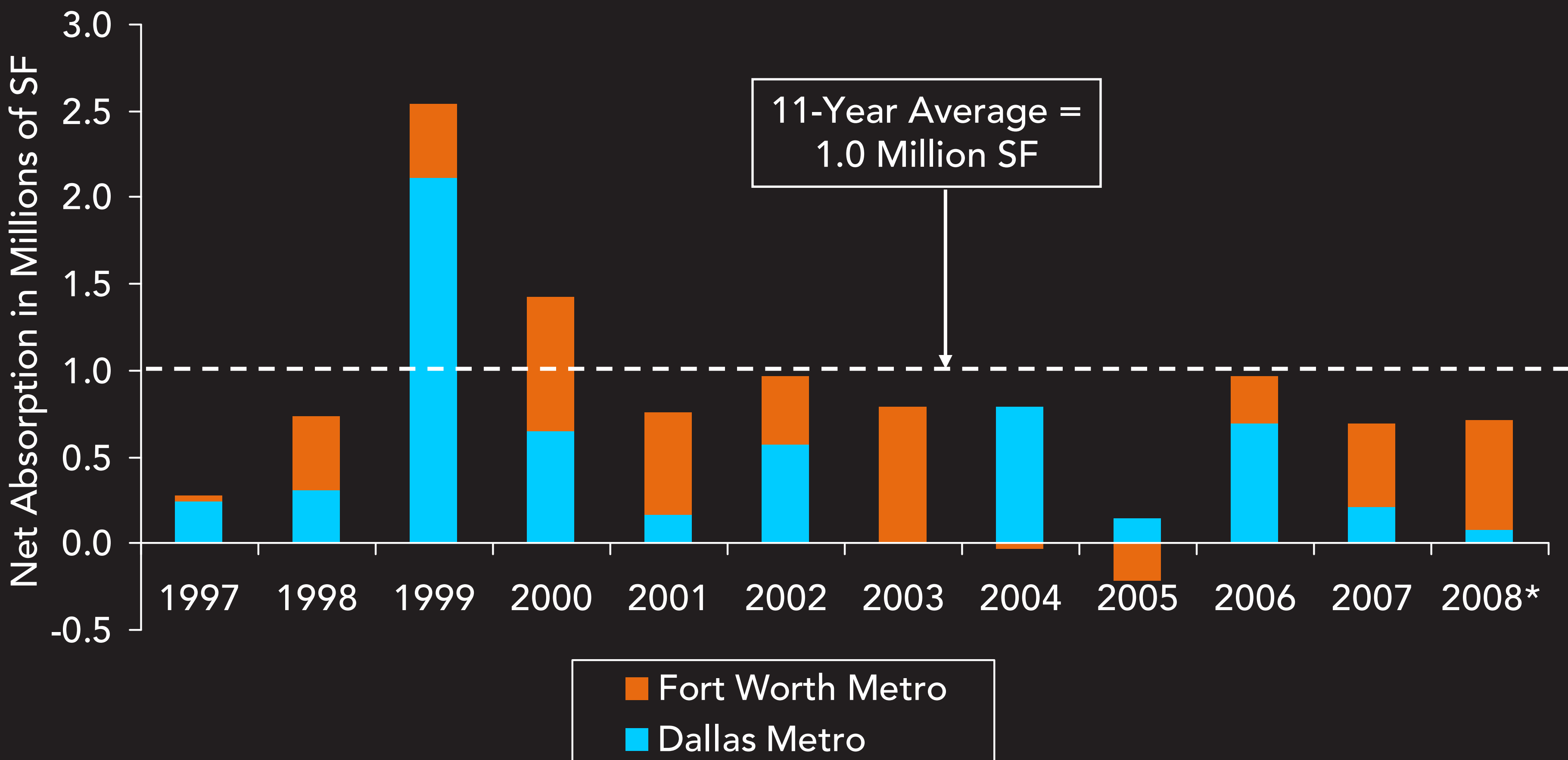
DALLAS/FORT WORTH 2008



Source: CoStar, Delta Associates; 10/16/08.

NEIGHBORHOOD SC NET ABSORPTION

DALLAS/FORT WORTH 1997 – 2008

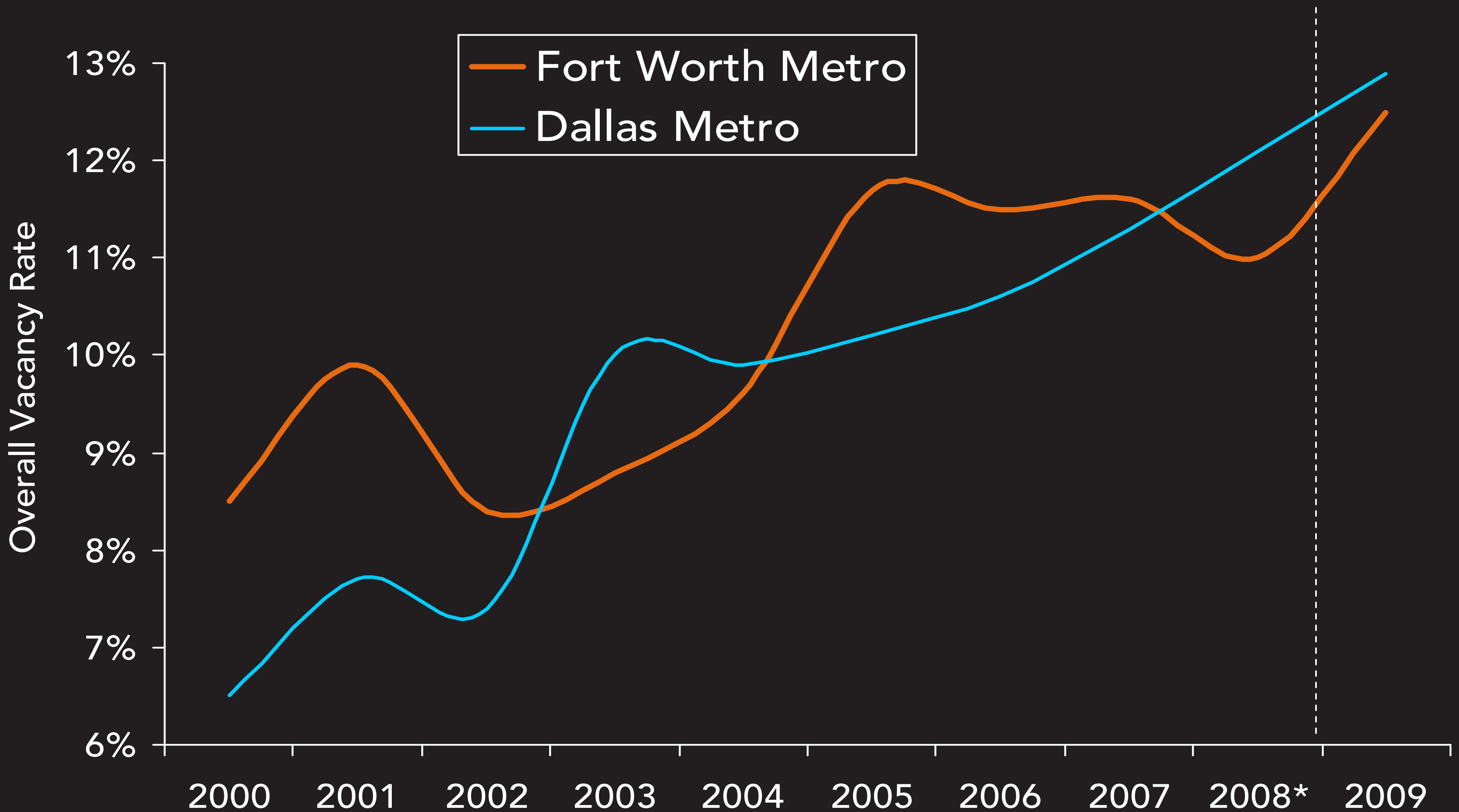


Source: REIS, Delta Associates; 10/16/08.

*1st half annualized.

NEIGHBORHOOD SC VACANCY RATES

DALLAS/FORT WORTH 2000 – 2009

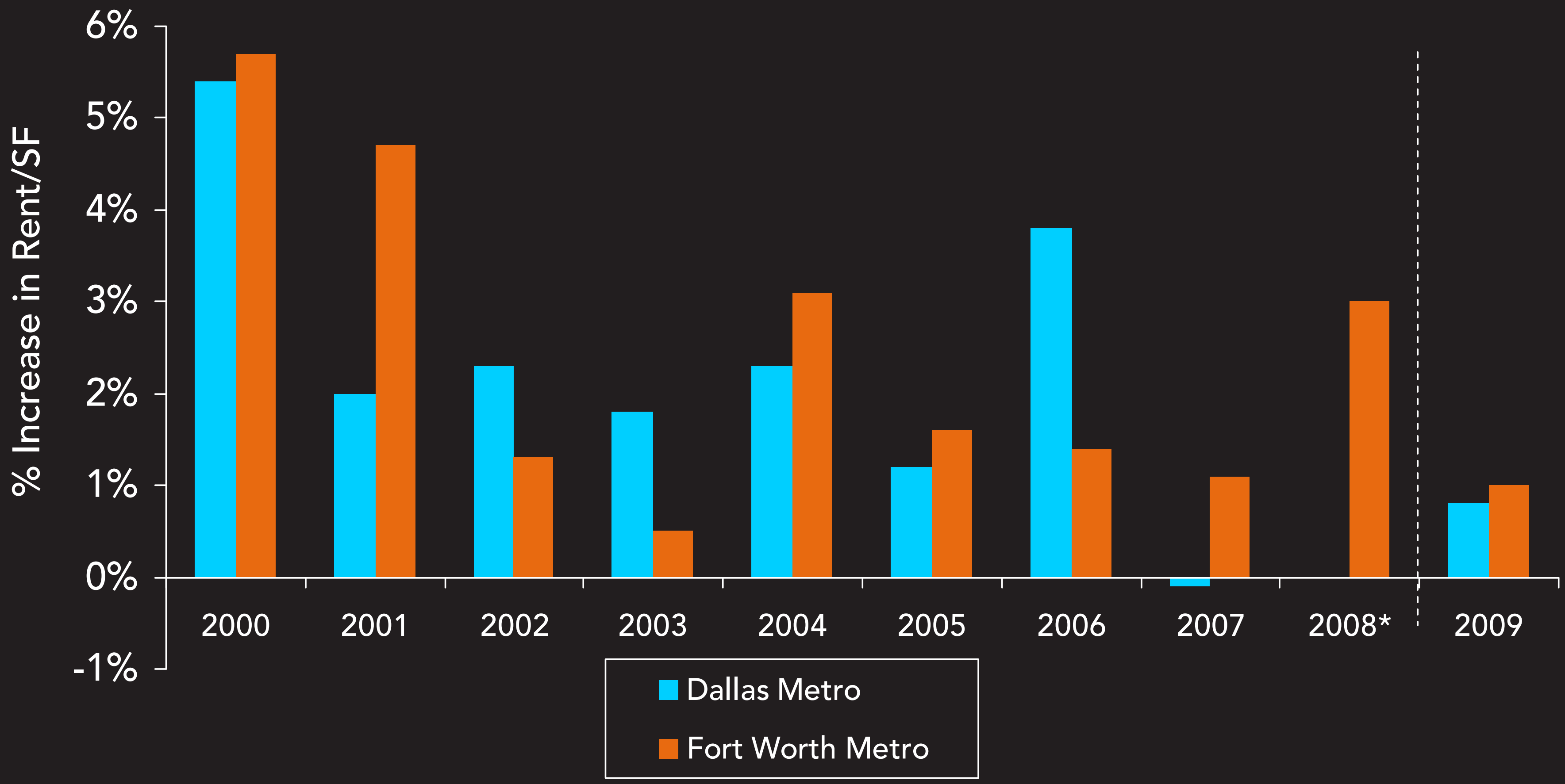


Source: REIS, Delta Associates; 10/16/08.

*Through June.

NEIGHBORHOOD SC RENT GROWTH

DALLAS/FORT WORTH 2000 – 2009

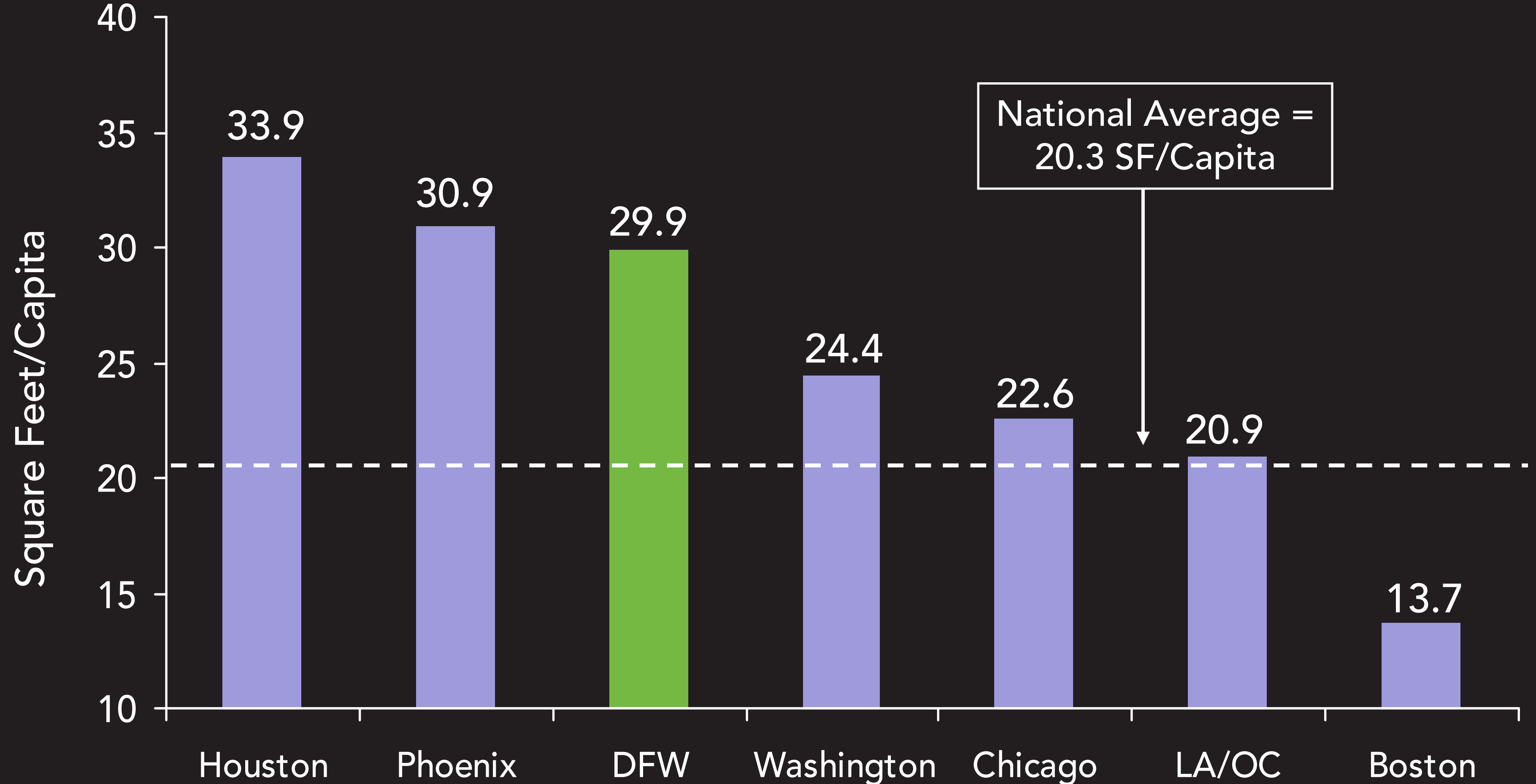


Source: REIS, Delta Associates; 10/16/08.

*1st half annualized.

RETAIL SPACE PER CAPITA

SELECT METRO AREAS 2008



Source: Census Bureau, CoStar, Delta Associates; 10/16/08.

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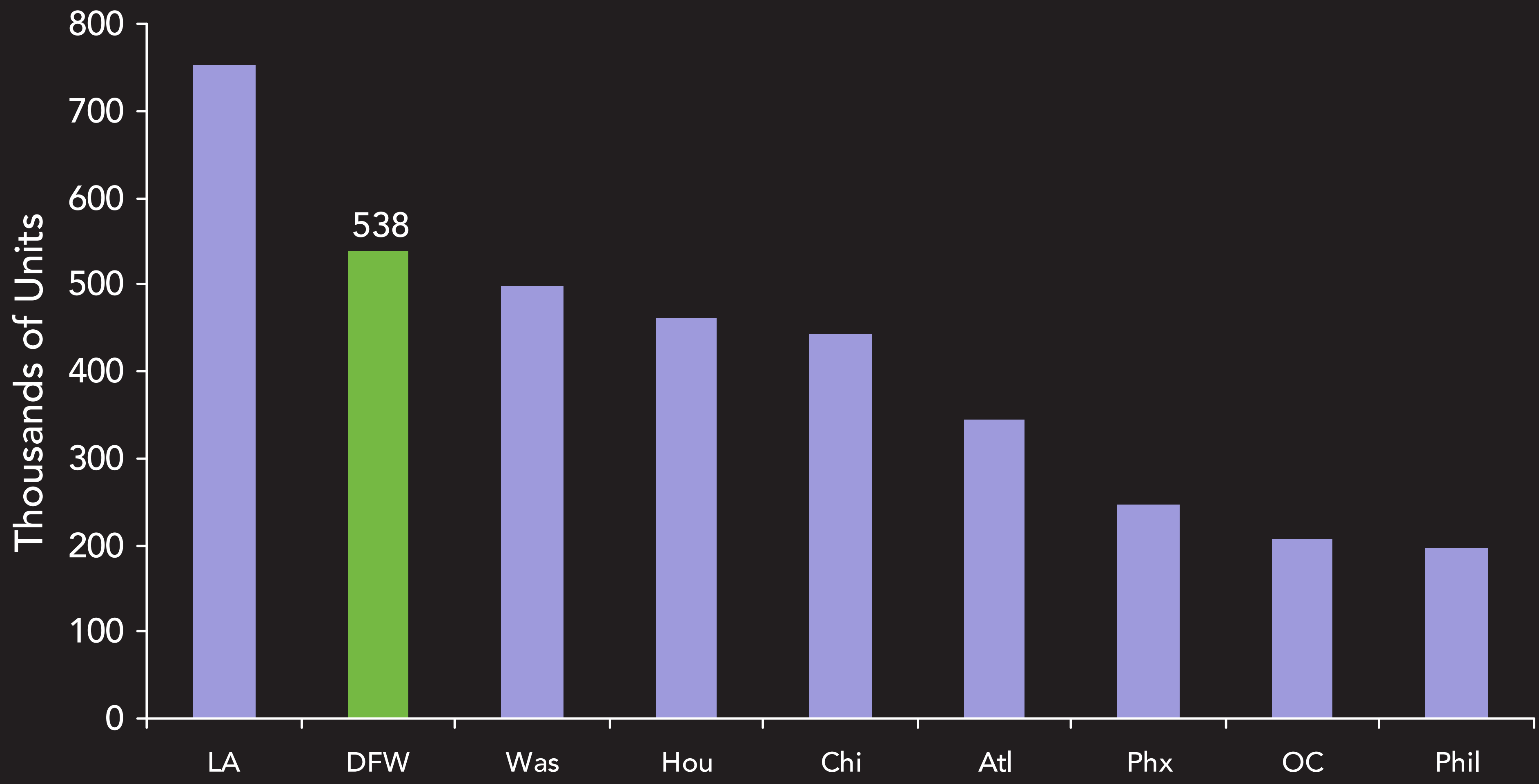
Dallas/Fort Worth

THE DFW APARTMENT MARKET

LARGEST U.S. APARTMENT MARKETS

2008

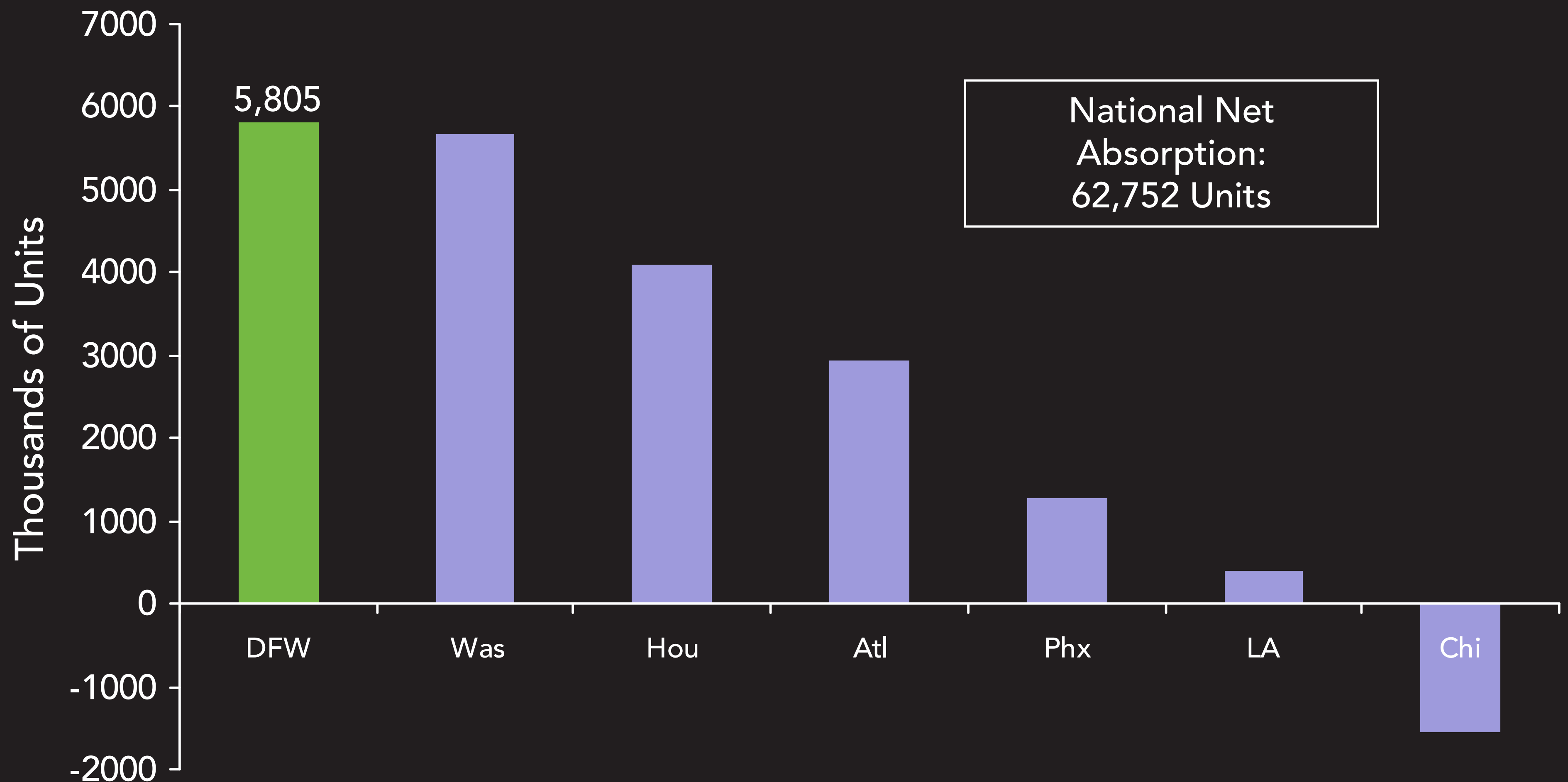


Source: REIS, Delta Associates; 10/16/08.

Note: Excludes NYC and includes only those units in projects of 20 or more units.

CLASS A APARTMENT MARKET NET ABSORPTION

SELECT METRO AREAS 12 MONTHS ENDING JUNE 2008



Source: REIS, Delta Associates; 10/16/08.

ABSORPTION VS. COMPLETIONS

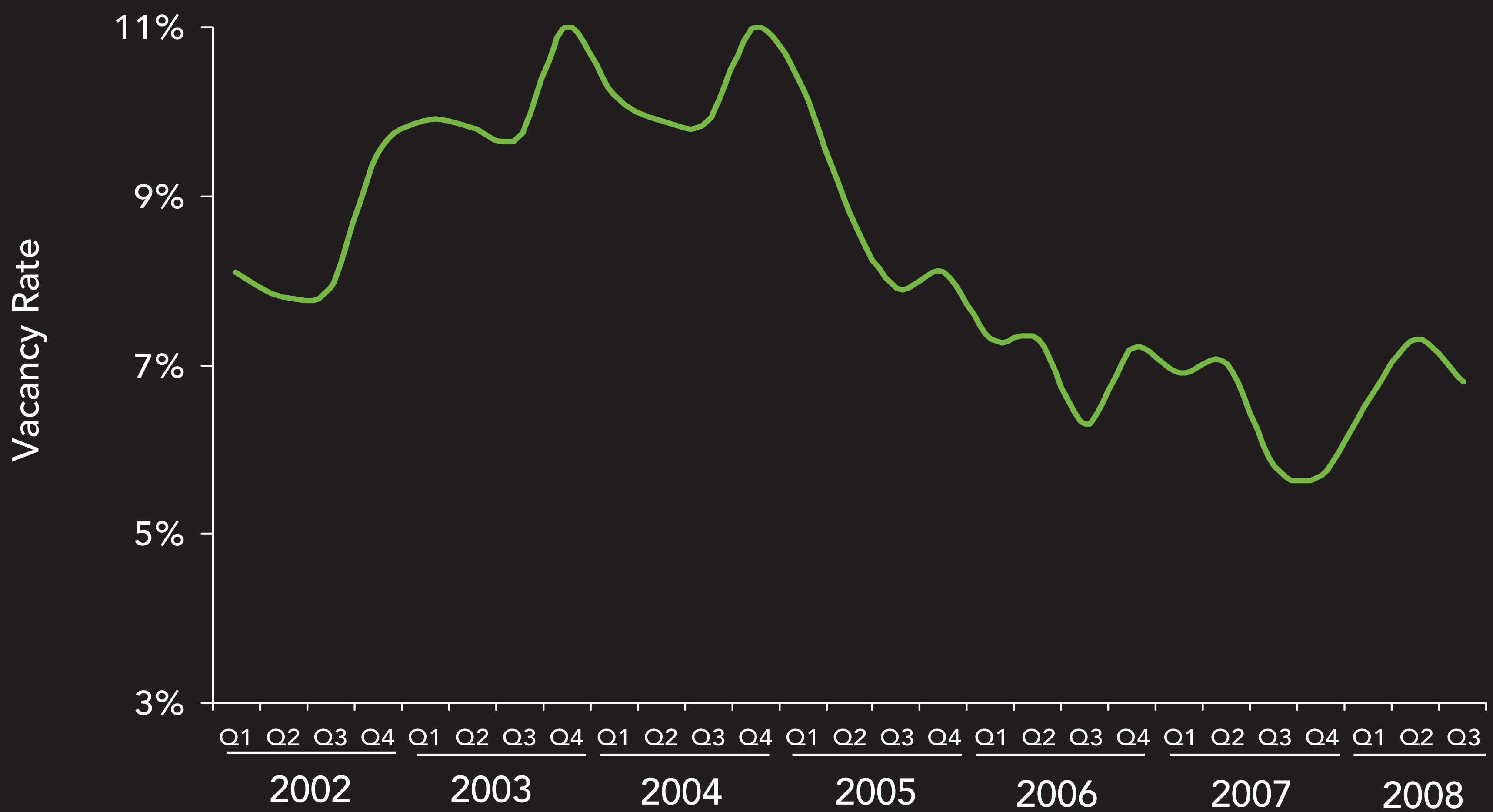
DALLAS/FORT WORTH APARTMENTS 2002 – 2008

Source: M/PF Research Inc., Delta Associates; 10/16/08.

*12 months ending September 2008.

APARTMENT VACANCY RATE

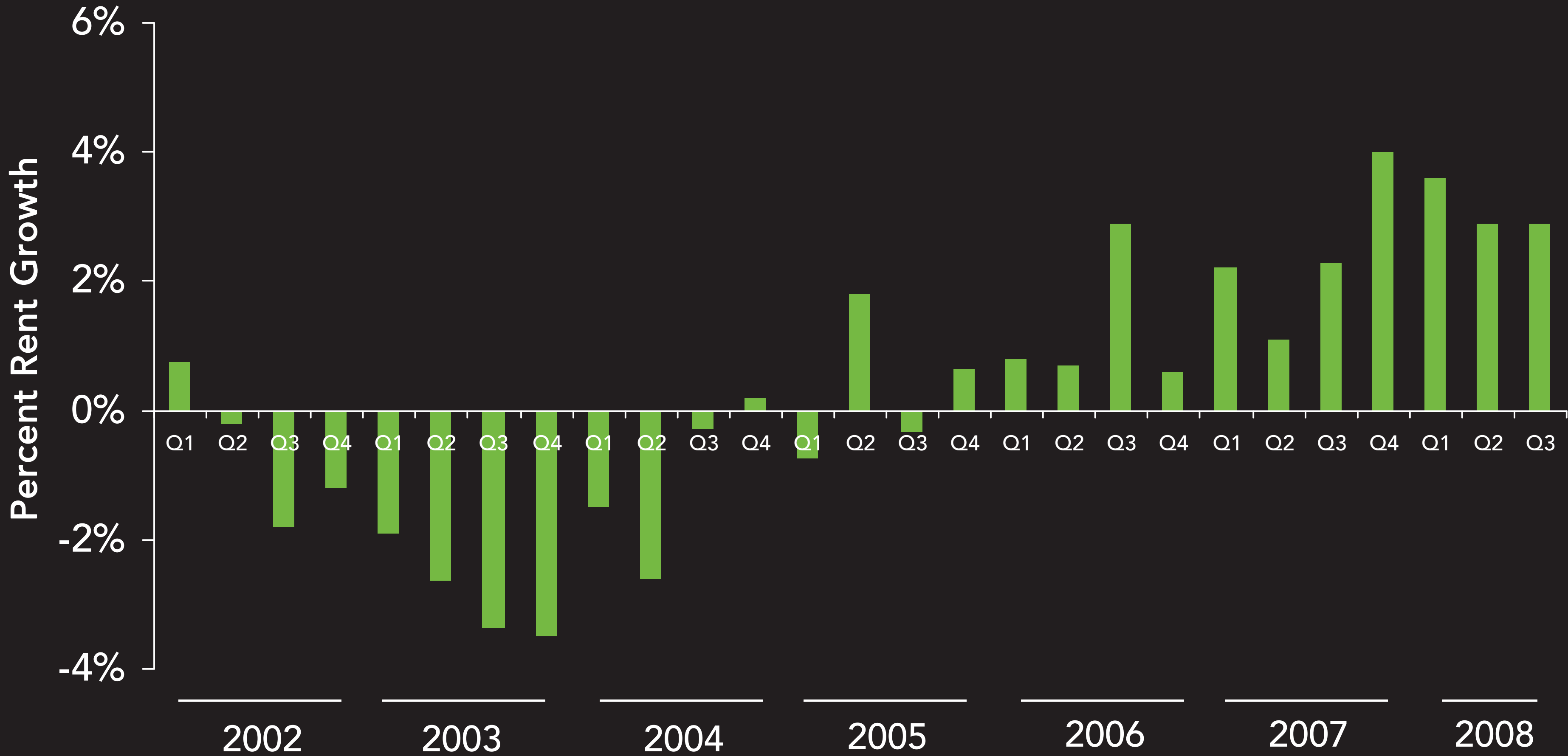
DALLAS/FORT WORTH 2002 – SEPTEMBER 2008



Source: M/PF Research Inc., Delta Associates; 10/16/08.

ANNUALIZED APARTMENT EFFECTIVE RENT CHANGE

DALLAS/FORT WORTH 2002 – 2008



Source: M/PF Research Inc., Delta Associates; 10/16/08.

Note: Same-store comparison.

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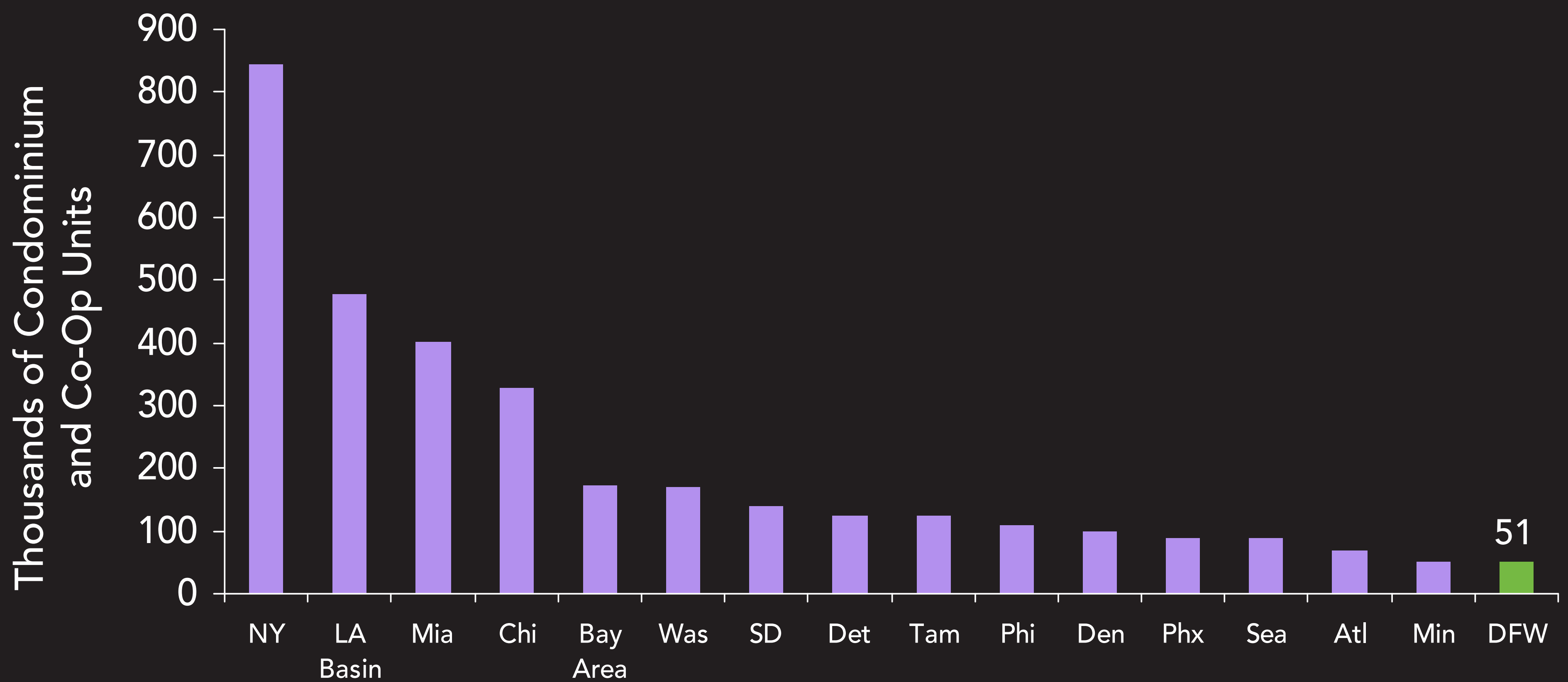
Dallas/Fort Worth

THE DFW CONDOMINIUM MARKET

LARGEST U.S. CONDOMINIUM MARKETS

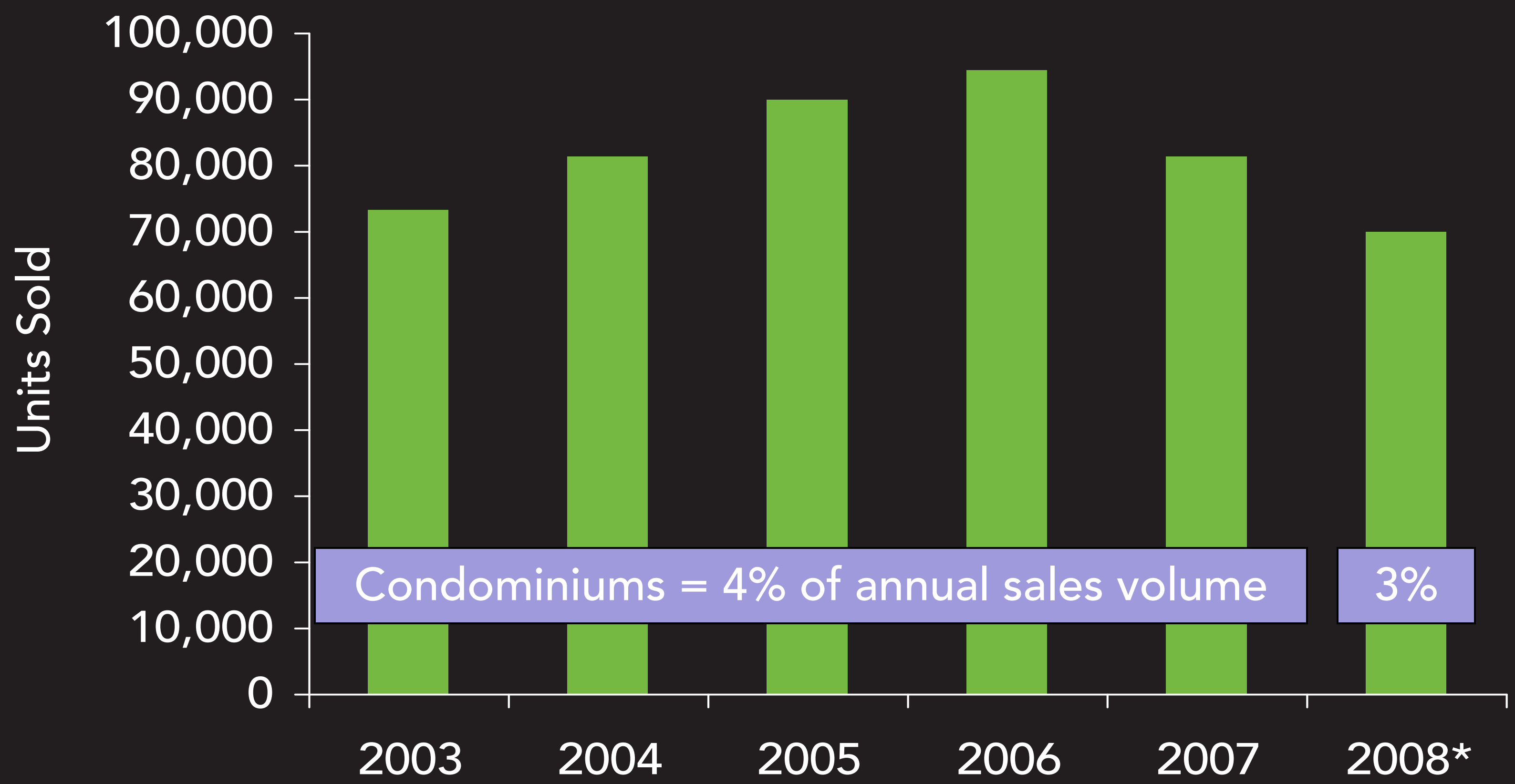
2008



Source: U.S. Census Bureau, Delta Associates; 10/16/08.

RESALES VOLUME

ALL HOUSING, DFW METROPLEX 2003 – 2008

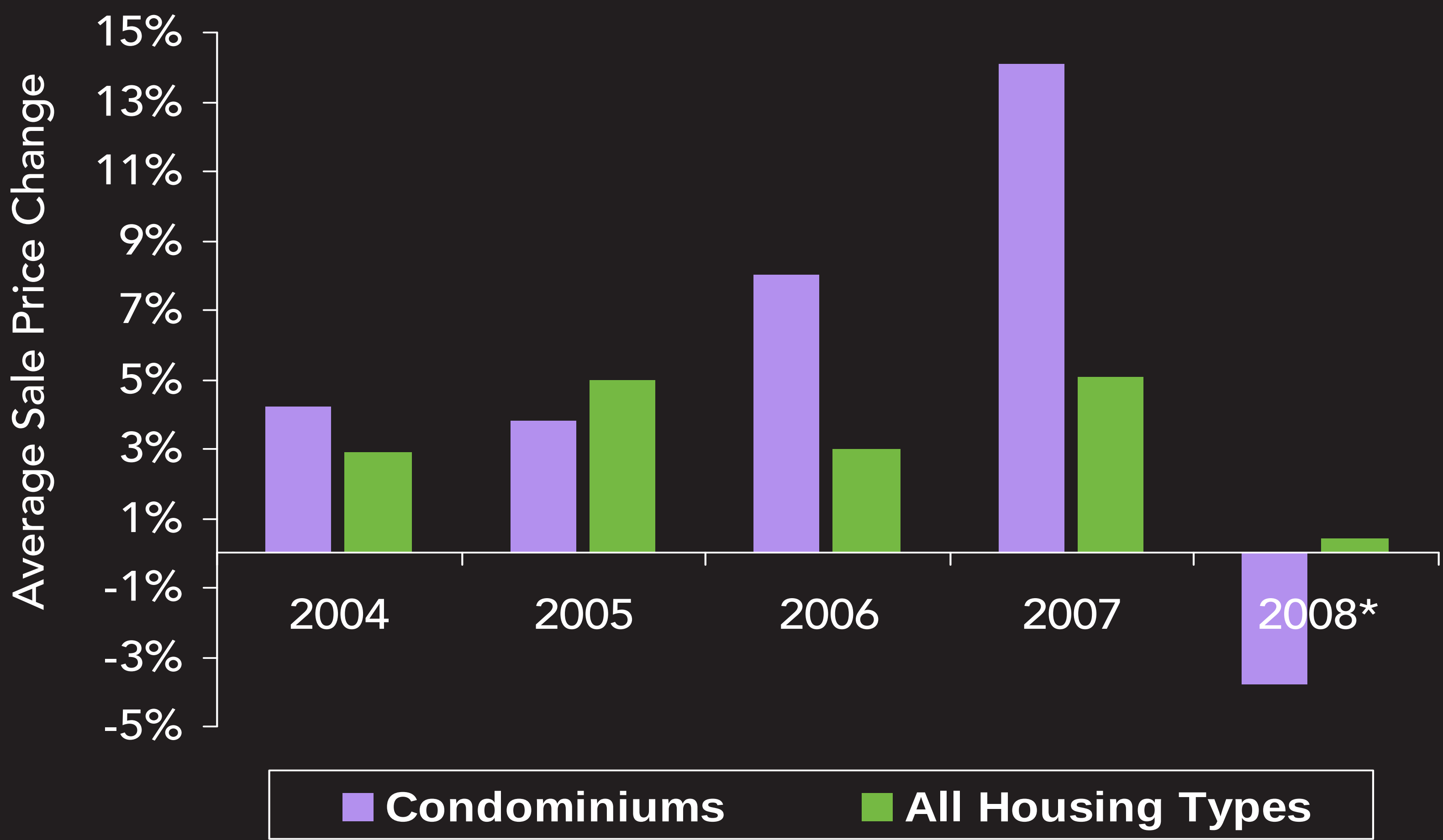


Source: NTREIS, Delta Associates; 10/16/08.

*January through August 2008, annualized.

PRICE GROWTH

CONDOMINIUMS vs. ALL HOUSING, DFW METROPLEX 2004 – AUGUST 2008



Source: NTREIS, Delta Associates; 10/16/08.

*Percentage change for January through August 2008.

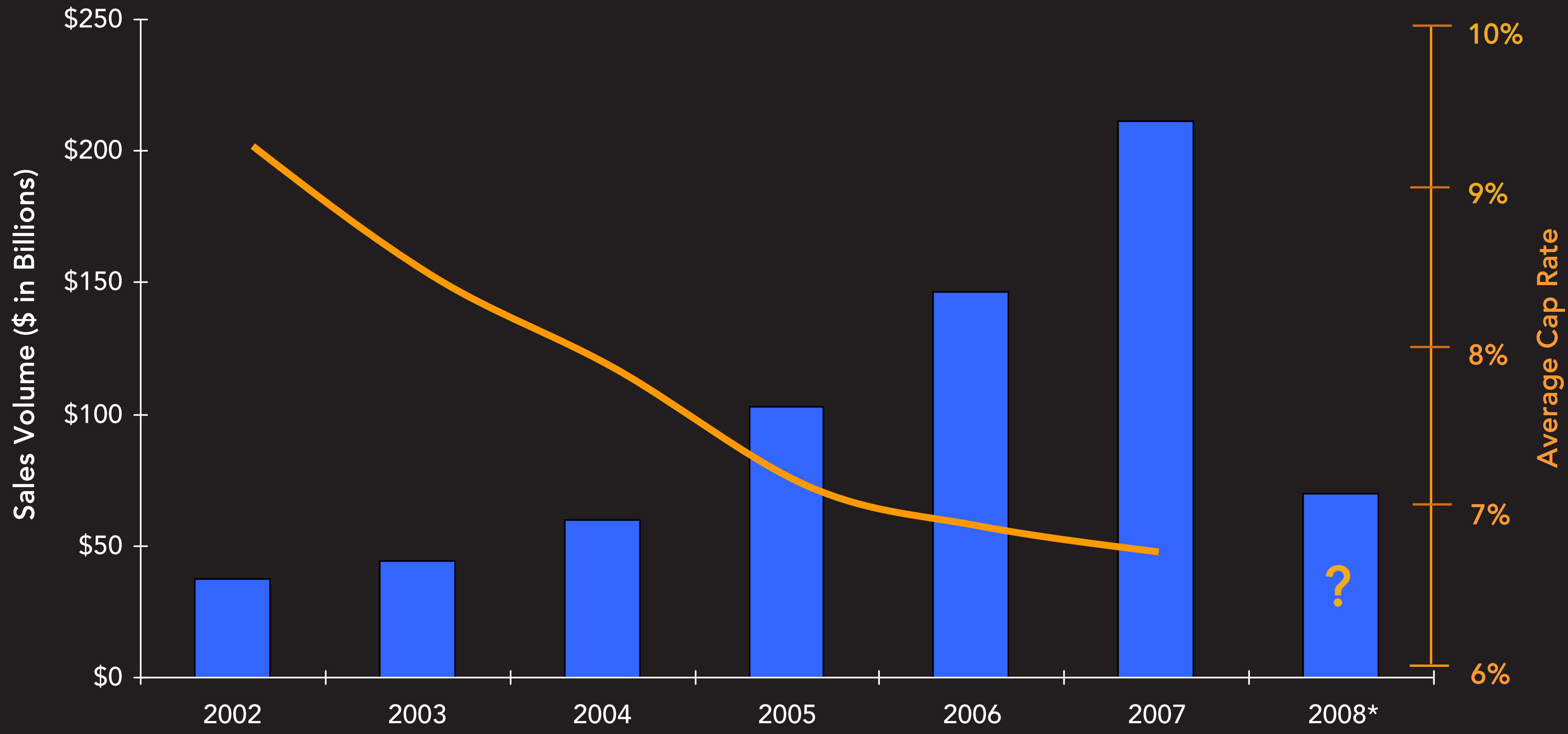
TRENDLINES® 2008

Dallas/Fort Worth

INVESTMENT SALES

OFFICE INVESTMENT SALES

U.S. 2002 – 2008

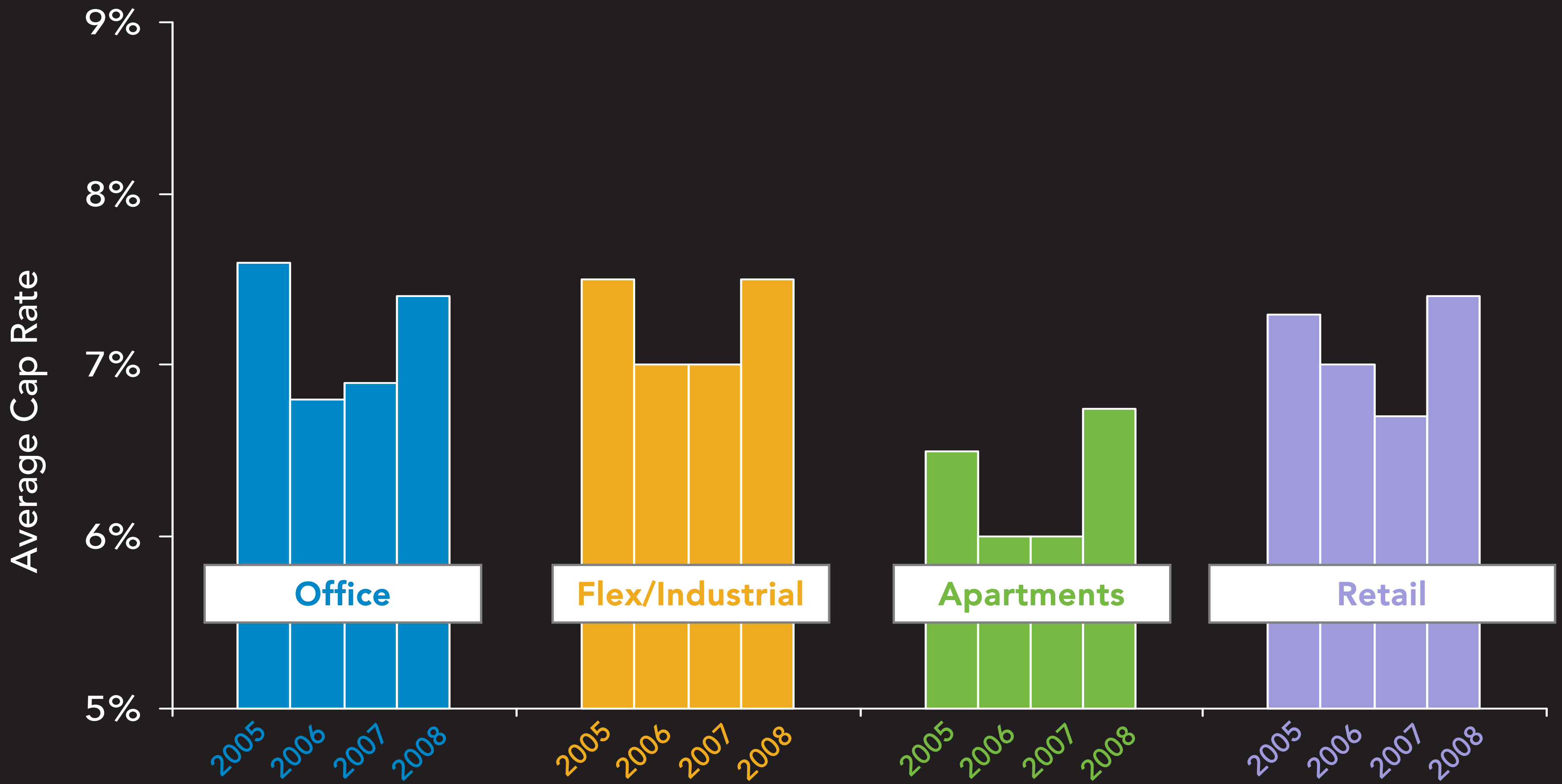


Source: Real Capital Analytics, Delta Associates; 10/16/08.

*Sales through September 2008, annualized.

CORE CAP RATES

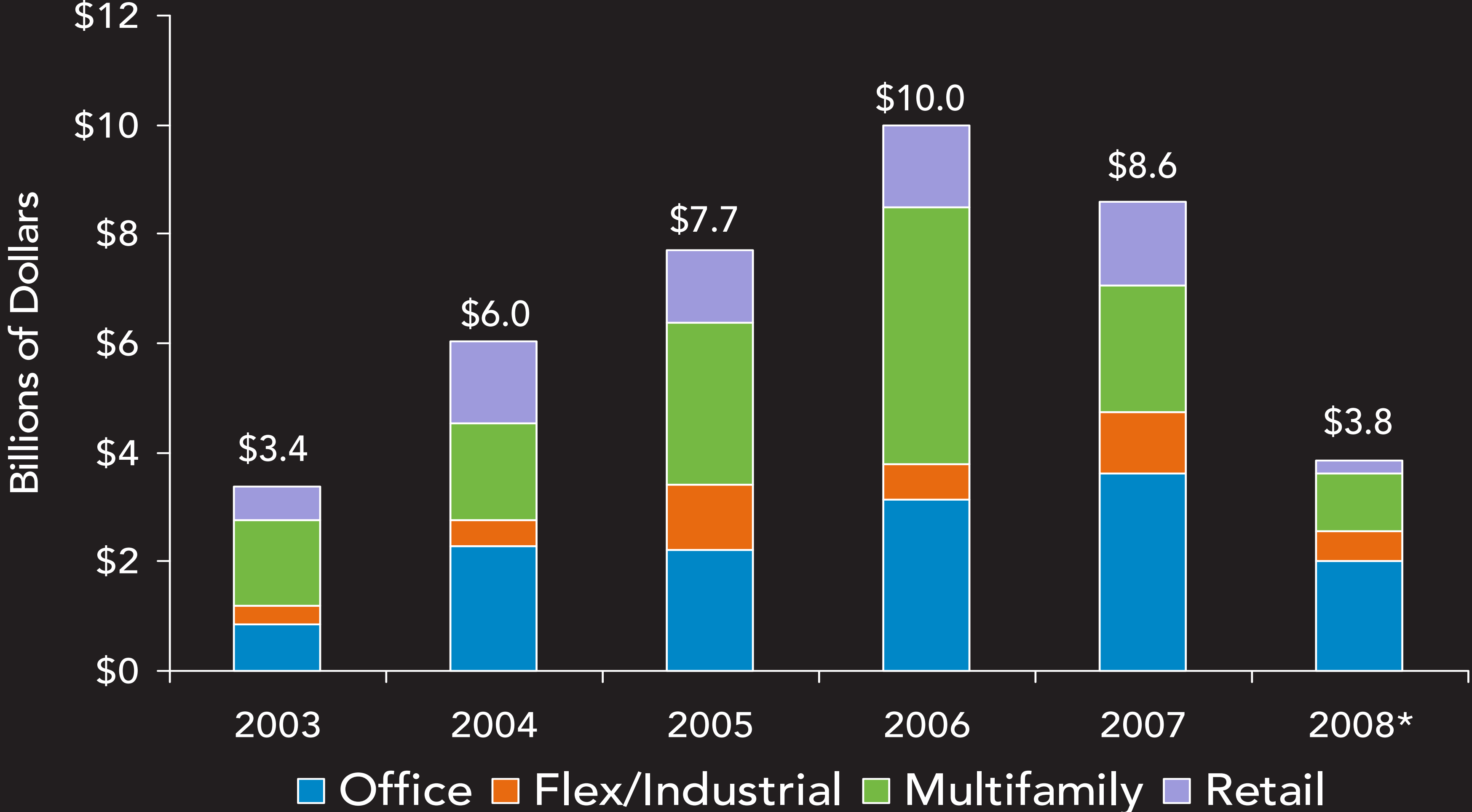
DALLAS/FORT WORTH 2005 – 2008



Source: Transwestern, Delta Associates; 10/16/08.

INVESTMENT SALES

DALLAS/FORT WORTH 2003 - 2008



Source: Real Capital Analytics, Delta Associates; 10/16/08.

*Through September 2008, annualized.

TRENDLINES® 2008

Dallas/Fort Worth

FORECAST

DALLAS/FORT WORTH FORECAST

- Payroll Job Growth: 30,000 per year for 2008-10

- Rent Growth:
  - Office:
    - Dallas: 0.0% to -1.0% in 2009-10
    - Fort Worth: 0.0% to -0.5% in 2009-10
  - DFW Industrial: 0.5% in 2009
  - DFW Apartment: 1% to 2% in 2009

- Cap Rates: Likely to rise over the next two years

- Investment Sales Volume:
  - 2008: Less than 40% of 2007 total
  - 2009: Less than 25% of 2007 total

Source: Delta Associates; 10/16/08.

2008

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