

LA BASIN* SNAPSHOT AT MID-YEAR 2009

LA Basin Economy: Contraction Continues

- 12-Month Job Losses through April 2009: 319,000.
- Unemployment Rate: 10.8% in April 2009, up from 5.8% a year ago.
- Employment Outlook: Weak through 2010, with continued job losses throughout the LA Basin.

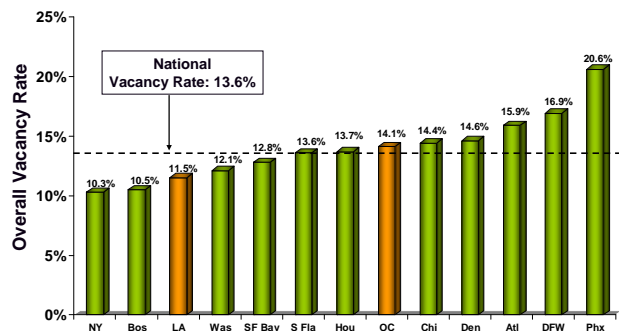
LA/OC Office Market Fundamentals: Slipping

- Net Absorption: Negative 1.6 million SF in the 2nd quarter and negative 6.4 million SF in 1st half 2009.
- Overall Vacancy Rate: 12.2%, up from 11.6% at 1st quarter 2009.
- Rents: Down 2.5% in LA County and down 5.4% in Orange County in the 2nd quarter 2009.



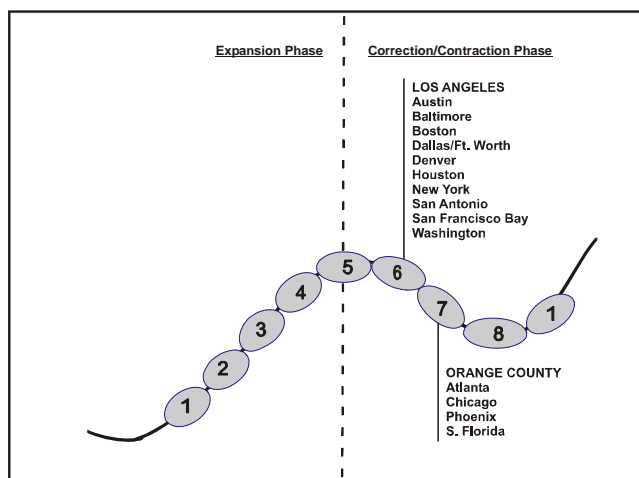
Source: Bureau of Labor Statistics, Delta Associates; June 2009.

Office Vacancy Rates Selected Metro Areas Mid-Year 2009



Source: CoStar, Delta Associates; June 2009.

Office Market Cycle Position Mid-Year 2009



Source: Delta Associates, June 2009.

Weakening office market conditions exist in the region. This suggests the following strategies:

	Los Angeles	Orange County
Tenants	Accelerate plans for new leases to take advantage of softer conditions.	Take advantage of tenants' market. Seek upgraded space; negotiate favorable terms.
Owners	Prune and tune until market calms down. Investors should pursue quality buildings at bargain prices.	Be mindful of changing conditions. Developers should watch costs and postpone projects. Investors should selectively enter the market at bargain prices with an eye to long-term growth.

* Note: Economic information for LA Basin includes LA, Orange, and Inland Empire areas; real estate information covers LA and Orange counties.