

GREATER PHOENIX SNAPSHOT AT YEAR-END 2008

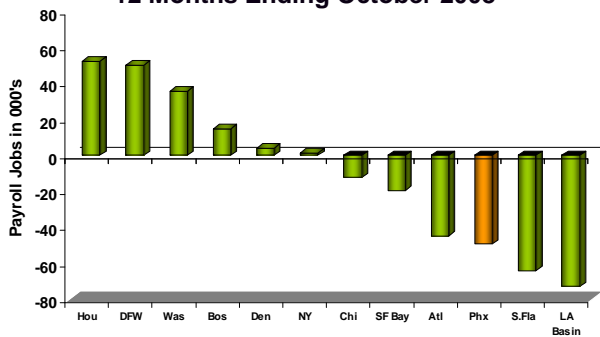
Economy: Contracting

- 12-Month job losses through October 2008: 51,500
- Unemployment Rate: 5.5% in October, up from 3.4% a year ago. National unemployment rate: 6.5% in October.
- Outlook: Continued job losses in 2009.

Office Market: Weakening

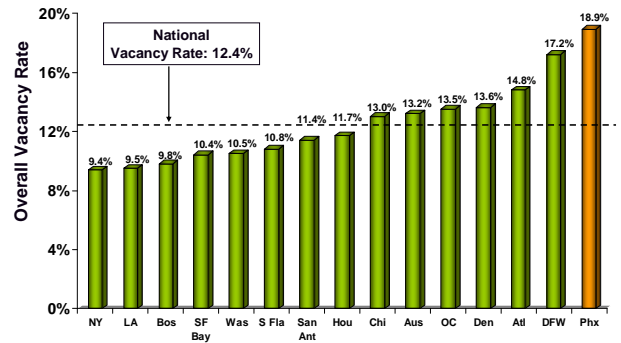
- Net Absorption: Negative 132,000 SF in the 4th quarter of 2008; positive 833,000 SF for the year.
- Overall Vacancy Rate: 18.9%, up from 17.1% in the 3rd quarter. Highest among major metros.
- Class A Rents: Down 3.2% for the year 2008.

**Payroll Job Growth
Large Metro Areas
12 Months Ending October 2008**



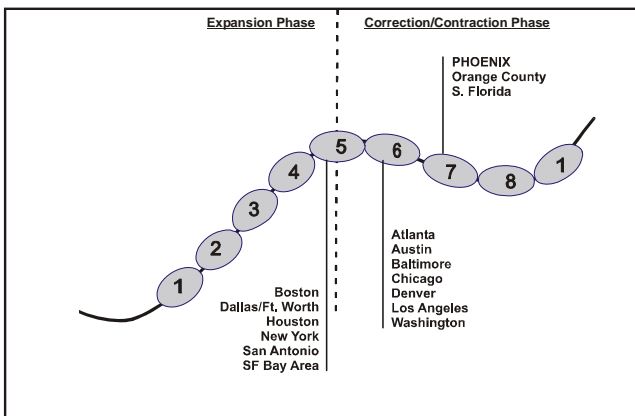
Source: Bureau of Labor Statistics, Delta Associates; December 2008.

**Office Vacancy Rates
Selected Metro Areas
Year-End 2008**



Source: CoStar, Delta Associates; December 2008.

**Office Market Position Index
Year-End 2008**



Source: Delta Associates; December 2008.

The Greater Phoenix office market has shifted from landlord to tenant market conditions as the economy slows. This suggests the following strategies:

- **Tenants:** Renegotiate expiring leases; plateauing submarkets may offer attractive opportunities.
- **Developers:** Add new projects judiciously. Groundbreakings should already have occurred for maximum return in this cycle. Plan strategically to maximize return in next expansion cycle.
- **Institutional Investors:** Consider selling select underperforming assets as opportunities permit. The credit crunch has curtailed competition for assets.
- **Opportunity Investors:** Seek well-located buildings with occupancy challenges and/or below-market rents.