GREATER SAN ANTONIO SNAPSHOT AT MID-YEAR 2007

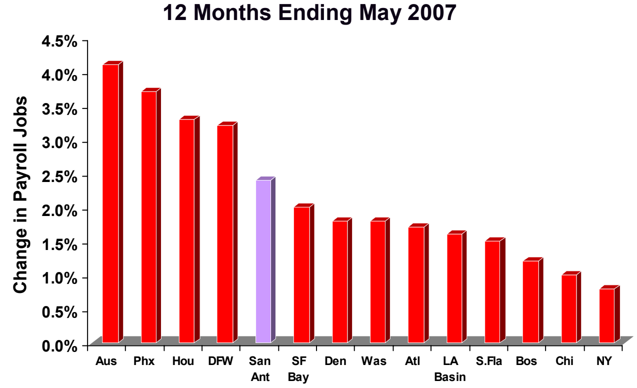
Economy: Strong

- 12-Month Job Growth through May 2007: 19,900. Ahead of the long-term growth rate of 17,000.
- Unemployment Rate: 3.6% in May, down from 4.6% a year ago. U.S. rate: 4.5%.
- **Outlook: Strong growth likely through 2009.**

Office Market: Expansion Continues

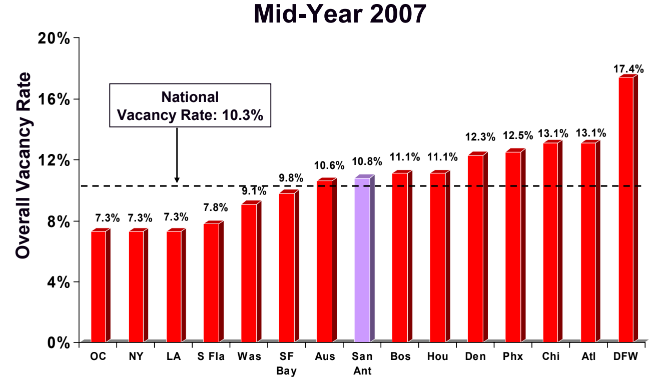
- Net Absorption: 545,000 SF in 1st half 2007, up from negative 144,000 SF in the 1st half 2006.
- Overall Vacancy Rate: 10.8%, down from 11.6% a year ago.
- Class A Rents: Up an annualized 2.2% in the 1st half of 2007 and up 3.3% over mid-year 2006.

Payroll Job Growth
Large Metro Areas
12 Months Ending May 2007



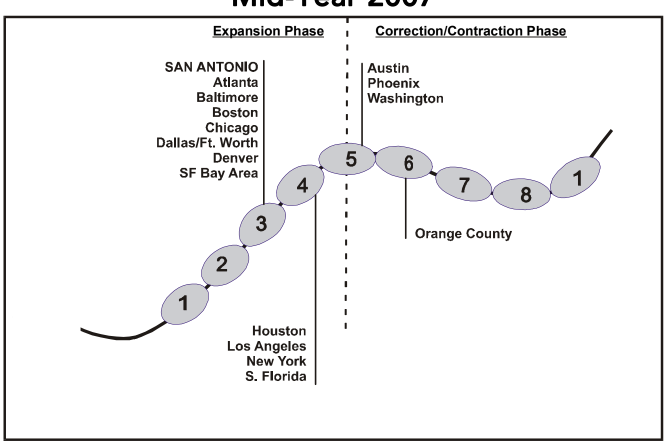
Source: Bureau of Labor Statistics; June 2007.

Office Vacancy Rates
Select Metro Areas
Mid-Year 2007



Source: CoStar, Delta Associates; June 2007.

Office Market Position Index
Mid-Year 2007



Source: Delta Associates; June 2007.

Note on data contained herein

Vacancy and absorption in Greater San Antonio are typically reported by brokerage firms on multi-tenant buildings only. However, we also include the immediate availability for owner-occupied and single-tenant buildings (but exclude government-owned buildings). This allows us to capture the entire market so we may derive correlations between job growth and occupancy of inventory. As a point of comparison, today there is 30.4 million SF of multi-tenant space with a vacancy rate of 12.0%. Inventory is up from the 29.8 million SF at mid-year 2006, and vacancy is down from 13.0% for the same point in time.

THE SAN ANTONIO ECONOMY

Economy: Strong

Not unlike the Spurs, the San Antonio market does not get the credit it deserves. There is a parallel to the Spurs when they left the ABA and joined the NBA. Some had written the city off as too small a market to compete with the likes of New York and Los Angeles. Well, like the Spurs, San Antonio has proven to be a winner. San Antonio's economy is robust. 12-month job growth through May 2007 totaled 19,900, a growth rate of 2.4%, compared to the national rate of 1.4%. This is higher than the long-term average annual growth of 17,000 net new jobs.

The economy is diverse with **Government, Educational/Health Services, Professional/Business Services, Trade and Transportation** and **Tourism and Hospitality** sectors contributing to three quarters of total employment in Greater San Antonio.

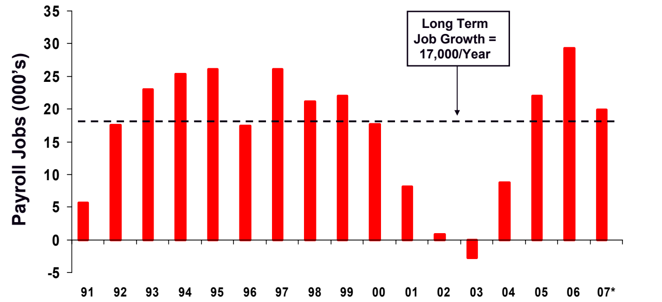
The **Government, Educational/Health Services,** and **Professional/Business Services** sectors experienced strong growth over the past year, adding a combined 9,500 jobs in the 12-month period ending in May 2007, 48% of total job growth.

The **Educational/Health Services** sector makes up 14% of San Antonio's workforce. Over the past year, the sector added 3,400 jobs, increasing 3.1%. The Greater San Antonio Chamber of Commerce conducted an Economic Impact study of the Healthcare and Bioscience Industry. The study showed that physicians and hospitals are the two largest provider groups and have consistently made a substantial contribution to the San Antonio economy. Over a ten-year period ending in 2005, both hospitals and physicians have doubled in size and increased their economic impact by 120% and 139% respectively. This trend is expected to persist as San Antonio continues to experience unprecedented growth, pushing its population centers further from the heart of the city. In particular, places such as Stone Oak, Westover Hills and Boerne have grown rapidly, creating a need for more medical facilities. To accommodate Boerne's growing population, a $13 million, 20,000-square-foot freestanding emergency room is being constructed. Sonterra Oaks Medical Plaza is a three-story, 33,118-square-foot office building under construction in Stone Oak. It is near the newly-expanded North Central Baptist Hospital and the proposed Methodist Stone Oak Hospital, which is under construction. In Westover Hills, Christus Santa Rosa is underway and scheduled to open in December 2008 at a cost of about $130 million. The hospital will create 350 new jobs when it opens and have about 800 employees within ten years.

The **Manufacturing** sector showed one of the largest increases (3.3%) over the past year, adding 1,600 jobs. Toyota opened a $1.28 billion assembly plant and began rolling Tundra trucks off the plant floor in November 2006. When the plant reaches full capacity, it will employ about 2,000 team members. Along with the assembly plant, 21 on-site suppliers also began producing parts and components for Toyota which will create an additional 2,100 employees when it reaches full production.

The **Tourism and Hospitality** sector added 4,000 jobs over the past year – increasing 4.2%. According to the San Antonio Convention and Visitor Bureau, over 21 million people visit the Alamo City, making tourism a significant part of the economy. The city employs more than 86,000 people in the hospitality industry and contributes more than $7 billion a year to the local economy. San Antonio boasts five of the top tourist attractions in Texas: the Alamo, the River Walk, Fiesta Texas, Sea World, and the San Antonio Zoo. When the River Walk opened, it gave a boost to the tourism sector. The city continues to capitalize on the success of the River Walk by approving a four-mile expansion that will cost $55 million. Construction has begun on the expansion and completion is anticipated by spring 2009.

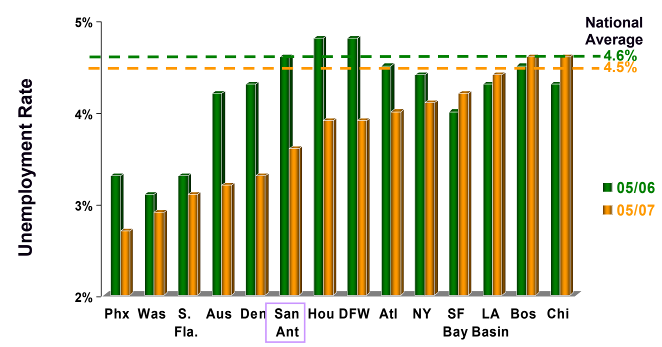
Payroll Job Growth
San Antonio Metro Area
1991 Through May 2007



Source: Bureau of Labor Statistics; June 2007. * 12 months ending May.

The San Antonio Metro Area unemployment rate declined to 3.6% in May 2007, from 4.6% 12 months prior. By comparison, the national rate was 4.5% in May. The unemployment rate in Greater San Antonio remains among the lowest in the nation, as the area is one of the fastest growing regions of the state.

Unemployment Rates
Large Metro Areas
May 2006 vs. May 2007



Source: Bureau of Labor Statistics; June 2007.

Diversity and Prominence

Greater San Antonio's core industries give it stability and growth. San Antonio remains diversified with a strong military, medical, and technical base. The presence of four military bases and several tourist attractions bring stability to the economy, while the medical industry continues to grow with the South Texas Medical Centers and San Antonio Military Medical Center leading the way. In addition to its growth in the medical and professional services industries, the low cost of doing business and low cost of living make San Antonio an attractive market.

Core Industries
San Antonio Metro Area
2006

Core Industries	$ (Bil)	% GRP
Federal & State Government*	$11	14%
Professional/Technical Serv.	$9	12%
Construction	$6	7%
Educational & Health Services	$4	5%
Manufacturing	$4	5%
Tourism and Hospitality Serv.	$4	5%
Total Core Industries:	$38	48%
Other	$42	52%
Total GRP:	**$80**	**100%**

Source: GMU Center for Regional Analysis, Delta Associates; June 2007.
*Includes Military
GRP = Gross Regional Product

Although the Spurs represent a very small component of the San Antonio economy, economist M. Ray Perryman of the Perryman Group was recently quoted in the *San Antonio Business Journal* as being one of many economists who believe the Spurs' success will help propel, amplify and possibly extend the economic surge the city is enjoying. The largest benefit is that the city will have more exposure and corporate America will realize the opportunities available. The hope is that the Spurs will keep the spotlight on San Antonio and attract serious attention from more companies looking for places to expand or even relocate.

Bio Defense Lab: In the Running

The Department of Defense is considering several sites nation-wide to build the new national headquarters for studying animal-to-human diseases and biological weapons that terrorists could potentially use. As noted in the *San Antonio Express News,* the lab would sit on at least 30 acres, cost $450 – $500 million to build, span 500,000 SF and would provide 250 – 300 high-paying jobs including researchers, technicians and support staff members. In addition, the lab could potentially sprout suppliers and spin-off businesses.

San Antonio is putting a lot of effort into being chosen as the site to house the proposed lab. It is the only city with three individual sites under consideration. The sites include The Southwest Foundation for Biomedical Research, Brooks City-Base and the Texas Research Park. The *San Antonio Business Journal* reported that the three sites have formed the Texas Biological and Agro-Defense Consortium. The goal of the Consortium is to combine local strengths, capabilities and resources; promote all three sites; bring the lab to the city; and put San Antonio at the center of the war on terrorism.

The Department of Homeland Security (DHS) was in San Antonio on May 7th and 8th to inspect the three potential sites. DHS officials are expected to pare the list to three or four by the end of June and then conduct environmental impact statements. The winning site will be selected in 2008. Construction is scheduled to start in 2010 with completion anticipated for 2014.

Data Centers: The Clustering Effect

Strong demand and lack of available space has led to a huge boom in data center building across the country. According to the Boyd Company, a location consultancy, the boom shows no signs of abating. The biggest factor driving the boom in data centers is the scarcity of available space. During the tech boom, data centers were built quickly to house expanding Internet operations. When the industry busted in 2001, the available space was bought up at a low cost by surviving centers such as San Antonio-based Rackspace Managed Hosting and now technology companies are looking for more space.

A key component to finding new space for a data center is inexpensive power and real estate. Out of 60 U.S. cities surveyed by the Boyd Company, San Antonio was ranked the 6th most cost-effective. The fact that Texas has its own power grid catches the attention of companies reliant on a dependable energy source because it is less vulnerable to rippling outages than on a national power grid. San Antonio offers other benefits: it is centrally located, relatively safe from natural disasters, and has a tech-skilled workforce.

Data Center Knowledge listed five companies who have recently taken advantage of what San Antonio has to offer:

1. Microsoft purchased 44 acres in Westover Hill to build a $550 million, 470,000 SF data center, providing 75 new jobs. Out of the 31 criteria Microsoft had for choosing a site, San Antonio ranked the best. Microsoft estimates that the project will take 18 months to two years to complete.
2. Lowes will build a $60 million, 100,000 SF facility and is expected to create 25 high-tech jobs.
3. Christus Health bought 10 acres in Westover Hills and plans to build a $21 million, 43,000 SF data center, which will have 50 employees. They plan to move their existing 80 employees to the new Westover Hill site once complete and expand the data center in 25,000 SF increments as necessary in the coming years.
4. The National Security Agency, which is already a significant employer, plans to put a data center at the site of the former Sony microchip plant on San Antonio's Northwest side. The exact size of the planned NSA plant is not detailed, but the former Sony plant was 470,000 SF.
5. Stream Realty Partners has acquired 33 acres in Westover Hills for a 150,000 SF data center. The company's plans could eventually include as much as 350,000 SF of space.

Clustering begins once one major firm (e.g., Microsoft) enters a market and prompts other companies to follow, opening the floodgates for an influx of investment and high-tech jobs. This is what happened in San Antonio. The chief information officer for Christus said one of the reasons they chose San Antonio was because of Microsoft's choice to put their data center there as well. Those five companies have now established a data center presence and have begun to entice companies like PayPal to take a serious look. The San Antonio Economic Development foundation says it is working with five other companies who are looking at San Antonio for new data sites.

BRAC: Positive Effect on San Antonio

In 2005, The Base Closure and Realignment Commission (BRAC) recommended that military functions move and be consolidated to save money and improve operations. This proved to be beneficial for San Antonio, as it will absorb personnel from various other bases. The military has historically been and is still an important part of the community and with this consolidation it will continue to have a significant impact on the community and its economy. The most recent recommendations follow the movement of the U.S. Army South Command to San Antonio from Puerto Rico in 2003.

The Department of Defense (DOD) has proposed that the 59th Medical Wing from the Wilford Hall Medical Center (WHMC) on Lackland Air Force Base be shifted to Fort Sam and merge with Brooke Army Medical Center (BAMC). This would create one medical region with two integrated campuses known as San Antonio Military Medical Center (SAMMC).

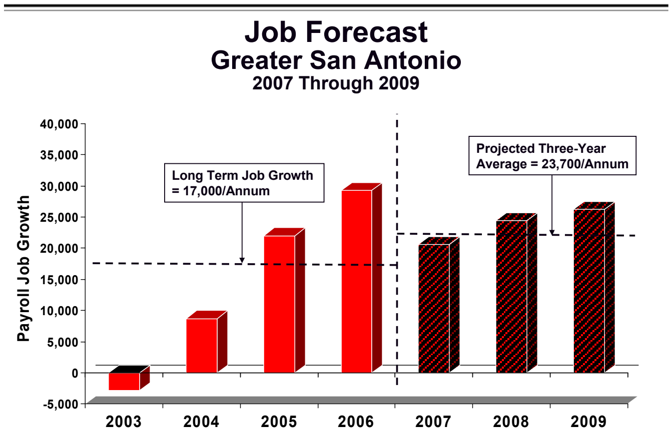
Earlier this year, the new $50 million Center for the Intrepid rehabilitation center opened at Brooke Army Medial Center. The Center for the Intrepid created a comprehensive care approach by putting all the component parts for rehabilitating wounded veterans under one roof. The center is more than twice the size of BAMC's 29,000-square-foot amputee care center and is the largest, most costly facility ever built for war veterans with private funds. In conjunction with the opening of the Intrepid, two 21-bed Fisher Houses opened to give relatives of the wounded a place to stay. The Intrepid and the Fisher Houses were designed to co-exist in a “village concept” around a common courtyard on a five acre site.

More recently, *KWTX TV* reported that the DOD approved plans to renovate and expand facilities at Fort Sam Houston and Camp Bullis. The updates will help accommodate new personnel being transferred to the San Antonio area, such as the 2,600 military personnel, 1,600 civilians and 5,000 students coming to Fort Sam. Construction will include a $107 million research facility for battlefield and trauma care. In all, DOD expects to spend about $800 million on new construction at Fort Sam and Camp Bullis.

The U.S. Army Engineer District has awarded SpawGlass Contractors Inc. with a $12.1 million contract to engage in several construction projects at Lackland Air Force Base. Construction is expected to be complete in September 2008 and includes a new telecommunications facility, storm sewer, sanitary sewer, parking lots, access drives, and a communications system. Lackland Air Force Base houses the largest training wing in the Air Force. More than 86,000 students come through Lackland each year for basic and specialized training.

THE GREATER SAN ANTONIO ECONOMIC OUTLOOK

Population growth, a growing tech industry, military consolidation, incentives to minimize the cost of expanding or locating a business in San Antonio, low average home prices, and good sales tax revenues will continue to fuel strong growth over the next few years in the Greater San Antonio area. As a result, although it may not reach last year’s total of 29,300, job growth will remain strong during the next few years. An average of 23,700 new jobs per annum is expected through 2009. Overall, job growth will remain strong through the end of the decade, supporting a robust commercial real estate market.



Source: Bureau of Labor Statistics, Delta Associates; June 2007.

THE GREATER SAN ANTONIO OFFICE MARKET

Market Expansion

The Greater San Antonio office market performed well in 2006 with rising investor interest, positive absorption and increasing rents. As economic growth remained strong, the market continued to expand during the 1st half of 2007, albeit at a slower pace than in 2006, given the impact of pre-leased deliveries on absorption. The remainder of 2007 is expected to steadily improve. As expanding and relocating tenants find new space, absorption will continue to increase, resulting in a declining vacancy rate. Rents should continue to rise due to the limited inventory of well-located Class A space. Investment sales should remain strong despite higher mortgage interest rates.

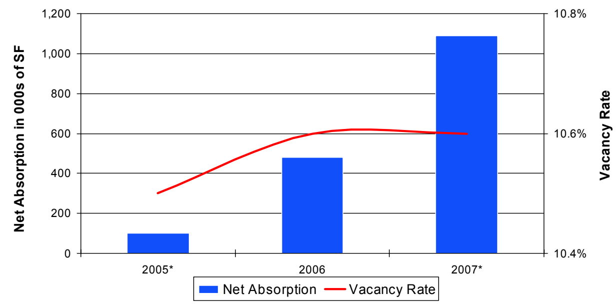
Net Absorption: Increasing

Net absorption of office space totaled 545,000 SF in Greater San Antonio in the 1st half of 2007, up from the negative 144,000 SF in the 1st half of 2006 and up from 481,000 SF for all of 2006.

Expansion Magazine named San Antonio one of America's 50 Hottest Cities for expanding or relocating. This type of national exposure has placed the city in the spotlight for many national and regional firms, such as Microsoft and Washington Mutual. Microsoft recently found a site in Westover Hill where it will invest $1 billion during the next 10 years to build a data center. Back in 2005, Washington Mutual (WaMu) chose San Antonio as the site of its new regional operations center. WaMu bought the former MCI Worldcom Campus (20855 Stone Oak Parkway) and will add 4,200 jobs at its facility during the next couple of years, spurring other companies to expand as well. The City has also started several economic incentives and business development programs in an effort to minimize the cost of expanding or locating a business in San Antonio. The City's goal is to grow the economy in the region, revitalize targeted areas of the City and promote strong, balanced growth throughout the community. The City Council has recently approved amendments to the Tax Phase-In Guidelines aimed at making San Antonio more competitive in supporting business attraction and expansion. The national recognition, in conjunction with the city incentives, should result in a strong second half of 2007.

Available office sublease space in Greater San Antonio has remained relatively unchanged in 2007, and totals 95,000 SF. In comparison, sublease space declined 37,900 SF in all of 2006. Remaining sublet space now represents just 0.2% of standing inventory.

Net Absorption of Office Space and Direct Vacancy Rate Trends Greater San Antonio
2005 Through Mid-Year 2007



Note: Delivery of pre-leased space counts as positive net absorption.
Source: Vacancy – Delta Associates' analysis of CoStar data;
Net Absorption - Delta Associates; June 2007.
*1st Half 2007 net absorption, annualized.

The CBD and North Central submarkets had the strongest performance in Greater San Antonio in the 1st half of 2007, due in part to strong pre-leasing of space delivered. In North Central, Marriot Worldwide Reservations leased 27,000 SF in Building 4 of the North Park Corporate Center. In addition, JM Waller Associates leased 17,000 SF in The Atrium, Southwest Credit leased 9,000 SF in the Sterling Bank Building, and Market Power Group leased 7,000 SF in One Village Park. In the CBD, HEB Grocery will move its accounting and finance personnel into the 45,000 SF space it leased at Cypress Tower.

Renewals also occurred during the 1st half 2007. In the Bank of America Plaza located in the CBD, The Akin Group and Accenture renewed 42,000 SF and 6,000 SF respectively. In the North Central submarket, Alamo Area Council of Governments renewed 34,000 SF at Petroleum Towers I.

1st Half 2007 Net Absorption in Select Submarkets:

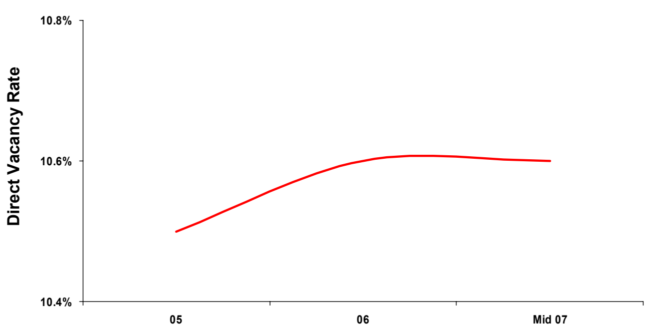
- North Central 205,000 SF
- CBD 144,000 SF
- West 81,000 SF
- Northeast 74,000 SF
- Northwest 73,000 SF

Vacancy: Remaining Steady

The overall vacancy rate in Greater San Antonio was 10.8% at mid-year 2007, unchanged from the end of 2006 and 2005. Vacancy remains at a healthy level.

The direct office vacancy rate is 10.6% in Greater San Antonio at mid-year, slightly up from 10.4% in the 1st quarter, and unchanged from year-end 2006. The sublease vacancy rate remained at 0.2%, unchanged from year-end 2006.

Office Direct Vacancy Rate
Greater San Antonio
2005 Through Mid-Year 2007



Source: CoStar, Delta Associates; June 2007.

We expect vacancy in Greater San Antonio to decline slightly over the next 12 months. With occupancy close to 90% in existing buildings, large contiguous space has become scarce, forcing tenants to look for newly-constructed space. Of the 1.4 million SF now under construction and expected to deliver in 2007/2008, 34% is pre-leased. With an increase in tenant demand and strong job growth, absorption should remain strong. The CBD is experiencing a resurgence of leasing activity as building improvements continue, parking costs fall and rents become more competitive with suburban locations.

The overall vacancy rate will likely settle in the 10.0% – 10.5% range by 2008, compared to 10.8% at mid-year 2007.

Construction Increasing; Pre-Leasing Strong

The strong economic and employment growth has resulted in a surge in office development. There is 1.4 million SF of office space under construction or renovation in Greater San Antonio at mid-year 2007. The North Central and Northwest submarkets are experiencing much of the new development. Along with the growth of construction, pre-leasing has been strong. Affordable housing, a business-friendly environment, a strong and well-educated work force, and positive employment growth have increased tenant demand. Of the 768,000 SF of office space delivered in the 1st half 2007, 54% was leased upon delivery. This compares to 548,000 SF of new construction delivered in 2006, of which 72% was pre-leased.

When looking at properties at least 30% pre-leased, the pipeline at mid-year 2007 shows another 352,068 SF proposed for Greater San Antonio. Of the 352,068 SF proposed, 85% has been pre-leased.

Office Space Under Construction or Renovation
Greater San Antonio
Mid-Year 2007

Submarket	SF	% Pre-leased
CBD	131,221	61%
North Central	694,063	29%
Northwest	542,571	34%
Total:	**1,367,855**	**34%**

Source: Delta Associates' analysis of CoStar data, June 2007.

Office Rents: Continue to Rise

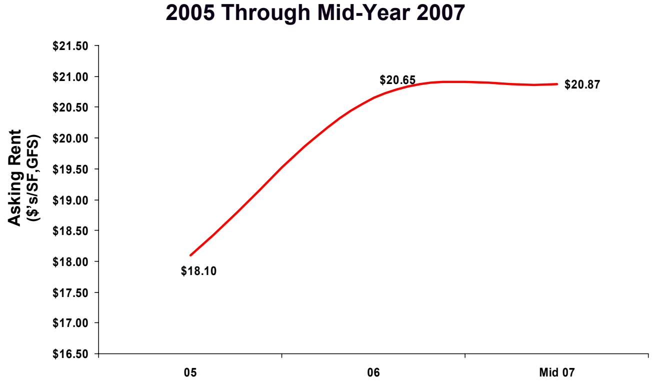
Positive market forces are pushing asking rents up for all property classes. Class A rents increased at an annualized rate of 2.2% in Greater San Antonio in the 1st half 2007. Rents jumped 3.5% in the Northwest submarket, 3.4% in the North Central submarket, and

2.7% in the CBD on an annualized basis. Rent growth is expected to remain strong, especially for better buildings in better submarkets, due to the strong projected job growth.

Rents in all classes have increased, but Class A rents have been growing at a faster pace than Class B rents. This has happened for several reasons:

1. Well-located Class A space is sparse, challenging tenants to pay premium rents to secure such space.
2. Limited numbers of large blocks have left little room for expansion in existing buildings, forcing tenants to look for new space.
3. A favorable business climate and an improving economy both have tenants choosing more modern and attractive space.

Average Class A Office Rents
Greater San Antonio
2005 Through Mid-Year 2007



Source: CoStar, Delta Associates; June 2007.

RENT RATE ANALYSIS OF CLASS A OFFICE BUILDINGS
GREATER SAN ANTONIO
2005 THROUGH MID-YEAR 2007

Submarket	YE 2005	YE 2006	Mid '07	Annualized % Change From Year-End '06 to Mid '07
CBD	$20.29	$21.68	$21.97	2.7%
Far North Central	$16.66	$17.92	$17.77	-1.7%
Midtown	$13.81	$19.38	$19.42	0.4%
North Central	$15.35	$21.00	$21.36	3.4%
Northeast	$23.38	$23.41	$23.45	0.3%
Northwest	$18.57	$20.00	$20.35	3.5%
Greater San Antonio Avg.	**$18.10**	**$20.65**	**$20.87**	**2.2%**

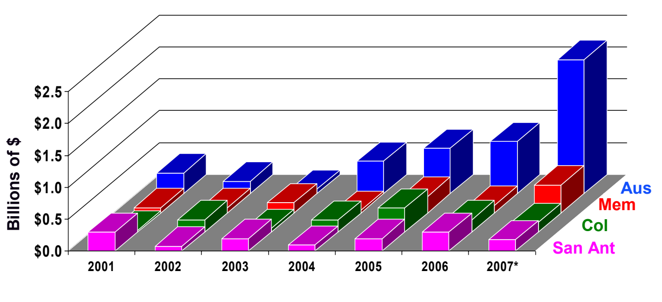
Source: Delta Associates' analysis of CoStar data, June 2007.

Investment Sales Volume and Prices Rise

Investment sales activity in Greater San Antonio continued its strong performance in the 1st half 2007, as investors remain attracted to strong economic conditions and high occupancy levels. Investors are discovering San Antonio and have begun to realize its untapped potential. Sales volume totaled $89 million in the 1st half 2007 – surpassing the $55 million recorded in the 1st half of 2006. The $89 million total does not include the six-property portfolio purchase by Chase Merritt and GE Capital just before the 1st half closed. The buyers, who purchased the portfolio from Darren Casey Interests, plan $20 million in capital expenditures.

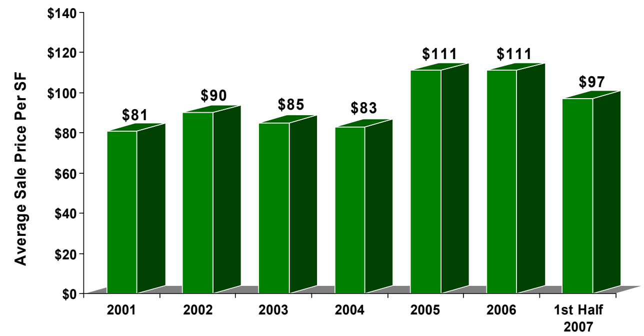
Near the Texas University Health Science Center, Highpoint Tower LLC purchased Highpoint Towers at 8415 Datapoint Dr. for $32 million or $105/SF. The property was approximately 89% occupied at the time of the sale. On the same street further west, Cannon Commercial purchased 8122 Datapoint Dr. for $25 million or $129/SF.

Comparative Investment Sales Volume
Office Product
2001 Through Mid-Year 2007



*1st half total annualized.
Source: Real Capital Analytics, Delta Associates; June 2007.
Note: Aus total for '07 is inflated due to portfolio sales.

Average Office Sale Price
Greater San Antonio
2001 Through Mid-Year 2007



Source: Real Capital Analytics, Delta Associates; June 2007.

Selected 1st Half 2007 Office Sales:

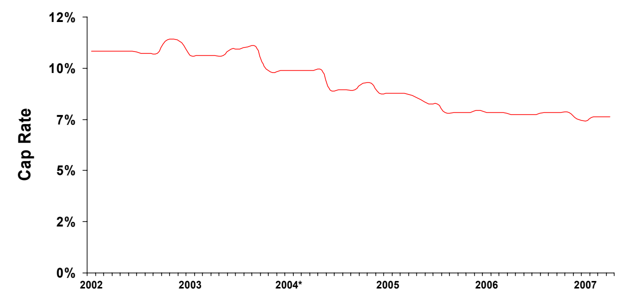
Building/Submarket	Sale Price/Buyer
8122 Datapoint Dr Northwest	$25 million ($129/SF) Cannon Commercial
Highpoint Tower I & II Northwest	$32 million ($105/SF) Highpoint Towers LLC

Source: Real Capital Analytics; June 2007.

Office sale prices averaged $97/SF in the 1st half 2007 in Greater San Antonio, compared to $111/SF in 2006. The average price was lowered by some Class B sales. Steady occupancy and increasing rents should continue to heighten investor interest over the next 12 to 18 months.

Cap rates on core assets remain in the 7% range. We expect cap rates to edge up over the next two years, as interest rates rise.

Greater San Antonio Core Office Assets
Cap Rates
2002 Through Mid-Year 2007



*Cap rate is an assumption based off limited transactions for the year.
Source: Real Capital Analytics, Delta Associates; June 2007.

THE GREATER SAN ANTONIO OFFICE MARKET OUTLOOK

The Greater San Antonio office market will continue to improve throughout 2007. We expect job growth in the Government, Health and Business Services sectors to create steady demand for office space. Vacancy rates should decline, while we expect rents to increase. Absorption should remain positive.

SUMMARY OF OFFICE MARKET INDICATORS - ALL SPACE
GREATER SAN ANTONIO
2005 THROUGH MID-YEAR 2007

Submarket	June 2007 Total Rentable SF All Bldgs. 1/	June 2007 SF Avail. Immediately All Bldgs. 2/	Direct Vacancy Rate at End of: 2005	Direct Vacancy Rate at End of: 2006	Direct Vacancy Rate at End of: Jun-07	*Vacancy Rate w/ Sublet* at Jun-07	SF Under Constr. or Renovation at Jun-07	Net Absorption (SF) 2005 3/	Net Absorption (SF) 2006	Net Absorption (SF) 1st Half '07
CBD	8,050,827	708,473	11.1%	10.6%	8.8%	*8.9%*	131,221	(200,000)	39,000	144,000
Comal County	297,310	33,596	4.2%	6.9%	11.3%	*11.3%*	-	(44,000)	(7,000)	26,000
Far North Central	1,804,316	288,691	6.2%	11.6%	16.0%	*16.0%*	-	504,000	(13,000)	(79,000)
Far Northeast	47,936	-	0.0%	0.0%	0.0%	*0.0%*	-	-	-	-
Far Northwest	87,731	14,388	16.6%	9.9%	16.4%	*16.4%*	-	(44,000)	24,000	(5,000)
Guadalupe County	90,487	3,891	2.6%	13.7%	4.3%	*4.3%*	-	84,000	(10,000)	8,000
Midtown	4,588,617	412,976	8.0%	9.0%	9.0%	*9.1%*	-	(100,000)	6,000	-
North Central	6,559,960	774,075	10.6%	9.0%	11.8%	*12.3%*	694,063	36,000	219,000	205,000
Northeast	3,618,259	419,718	10.0%	12.6%	11.6%	*12.1%*	-	112,000	(53,000)	74,000
Northwest	10,384,615	1,360,385	14.2%	13.0%	13.1%	*13.4%*	542,571	(204,000)	283,000	73,000
Southeast	285,000	26,505	3.9%	13.6%	9.3%	*9.3%*	-	12,000	(27,000)	13,000
Southwest	633,049	79,764	1.2%	13.4%	12.6%	*12.6%*	-	-	(34,000)	5,000
West	3,114,807	59,181	6.2%	4.5%	1.9%	*1.9%*	-	(56,000)	54,000	81,000
TOTAL - Greater San Antonio	**39,562,914**	**4,181,642**	**10.5%**	**10.6%**	**10.6%**	***10.8%***	**1,367,855**	**100,000**	**481,000**	**545,000**
	Vac. Rate With Sublet Space		**10.8%**	**10.8%**	**10.8%**					

1/ Includes buildings 15,000 SF RBA and greater; includes multi and single tenant buildings. Does not include buildings under construction or buildings owned by the government.
2/ Does not include sublet space.
3/ CoStar began tracking data in the 3rd quarter of 2005, therefore net absorption is annualized.
Note: Net absorption occurs when lease is signed, not when space is physically occupied; pre-leased space counts as net absorption when building delivers.

Source: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Delta Associates; June 2007.

Delta Associates, the research affiliate of Transwestern, is headquartered at:
500 Montgomery Street, Suite 600, Alexandria, VA 22314. Phone: 703-836-5700. DeltaAssociates.com

THE GREATER SAN ANTONIO FLEX/HIGH-TECH MARKET

Market Conditions: Modest Improvement

The flex/high-tech market saw modest improvement in Greater San Antonio during the 1st half of 2007, with 9,000 SF of net absorption. In comparison, net absorption was negative 8,000 SF for all of 2006.

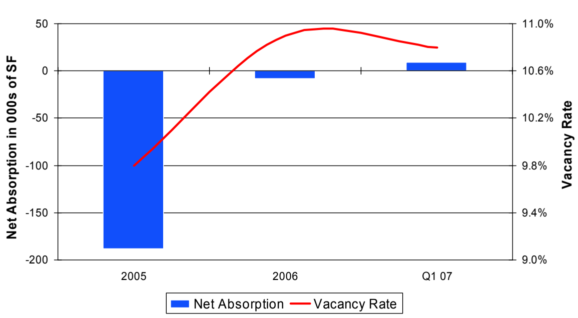
Available flex/high-tech sublease space has increased by 8,500 SF in Greater San Antonio in 2007, after declining 8,600 SF in all of 2006. As a result, sublease space now represents 0.3% of the flex/high-tech standing inventory.

Vacancy: Declining

The overall flex/high-tech vacancy rate declined to 11.1% at mid-year 2007, from 13.5% at mid-year 2006. The direct vacancy rate at mid-year 2007 is 10.8%, down from 12.0% at mid-year 2006.

We expect the flex/high-tech vacancy rate to slightly decline in 2007 and stabilize in 2008. Currently, new construction activity remains low.

Net Absorption of Flex/High-Tech Space and Direct Vacancy Rate Trends Greater San Antonio 2005 Through Mid-Year 2007



Note: Delivery of pre-leased space counts as positive net absorption.
Source: Vacancy – Delta Associates' analysis of CoStar data;
Net Absorption – Delta Associates; June 2007.

Construction and Pre-Leasing

There is one flex/high-tech building under construction or renovation at 1st half of 2007, totaling approximately 43,000 SF. The building has not been pre-leased.

No flex/high-tech buildings were delivered in the 1st half 2007. In the 1st half of 2006, 90,462 SF was delivered, at 33% pre-leased upon delivery.

Flex/High-Tech Rents

Flex/high-tech rents decreased at an annual rate of 0.2% in the 1st half of 2007, as this year's absorption made up some for the lack of demand seen in the previous two years. Flex rents will likely remain steady over the next 12 months.

RENT RATE ANALYSIS OF FLEX/HIGH-TECH SPACE
GREATER SAN ANTONIO
2005 THROUGH MID-YEAR 2007

Submarket	YE 2005	YE 2006	Mid '07	Annualized % Change From Year-End '06 to Mid '07
CBD	$7.15	$8.66	$8.66	0.0%
Comal County	$7.80	$7.80	$7.80	0.0%
Guadalupe County	$6.60	$6.80	$6.80	0.0%
North Central	$7.84	$8.08	$8.02	-1.5%
Northeast	$7.75	$8.27	$8.40	3.1%
Northwest	$7.80	$8.41	$8.31	-2.4%
Southwest	$8.38	$8.45	$8.45	0.0%
West	$7.15	$7.83	$7.87	1.0%
Greater San Antonio Avg.	**$7.68**	**$8.18**	**$8.18**	**-0.2%**

Source: Delta Associates' analysis of CoStar data, June 2007.

Flex/High-Tech Investment Sales

Sales volume of flex/high-tech buildings totaled $10.6 million in the 1st half of 2007, compared to $27.7 million in the 1st half of 2006.

Flex/high-tech sale prices averaged $46/SF in the 1st half, down from $78/SF in the 1st half of 2006. The decline reflects a small sample size.

Selected 1st Half 2007 Flex/High-Tech Sale:

Building/Submarket	Sale Price/Buyer
Fairgrounds Business Park West	$11 million ($46/SF) East Group Properties

Source: Real Capital Analytics; June 2007.

National Economy, Methodology

Please visit Transwestern.net for:

- Our national Economic Outlook
- Explanation of our methodology

Note on data contained herein

Vacancy and absorption in Greater San Antonio are typically reported by brokerage firms on multi-tenant buildings only. However, we include the immediate availability for owner-occupied and single-tenant buildings, but exclude government owned buildings. This allows us to capture the entire market so we may derive correlations between job growth and occupancy of inventory.

SUMMARY OF FLEX MARKET INDICATORS - ALL SPACE
GREATER SAN ANTONIO
2005 THROUGH MID-YEAR 2007

Submarket	June 2007 Total Rentable SF All Bldgs. 1/	June 2007 SF Avail. Immediately All Bldgs. 2/	Direct Vacancy Rate at End of: 2005	2006	Jun-07	*Vacancy Rate w/ Sublet* at Jun-07	SF Under Constr. or Renovation at Jun-07	Net Absorption (SF) 2005 3/	2006	1st Half '07
CBD	242,766	12,381	22.0%	4.2%	5.1%	*5.1%*	-	24,000	43,000	(2,000)
Comal County	106,167	15,182	35.6%	14.3%	14.3%	*14.3%*	-	(8,000)	22,000	-
Far North Central	-	-	0.0%	0.0%	0.0%	*0.0%*	-	-	-	-
Far Northeast	-	-	0.0%	0.0%	0.0%	*0.0%*	-	-	-	-
Far Northwest	152,000	-	0.2%	0.0%	0.0%	*0.0%*	-	-	-	-
Guadalupe County	35,326	19,959	75.7%	95.3%	56.5%	*56.5%*	-	-	(7,000)	14,000
Midtown	48,793	-	0.0%	0.0%	0.0%	*0.0%*	-	-	-	-
North Central	2,146,023	287,567	12.1%	11.0%	13.4%	*13.7%*	-	(4,000)	24,000	(51,000)
Northeast	1,778,881	161,878	9.3%	14.6%	9.1%	*9.5%*	-	(120,000)	(94,000)	98,000
Northwest	2,027,540	225,057	6.0%	8.3%	11.1%	*11.4%*	-	48,000	39,000	(56,000)
Southeast	-	-	0.0%	0.0%	0.0%	*0.0%*	-	-	-	-
Southwest	134,531	65,113	17.2%	48.4%	48.4%	*48.4%*	43,200	-	(42,000)	-
West	1,264,203	72,060	6.8%	6.2%	5.7%	*5.7%*	-	(128,000)	7,000	6,000
TOTAL - Greater San Antonio	**7,936,230**	**859,197**	**9.8%**	**10.9%**	**10.8%**	***11.1%***	**43,200**	**(188,000)**	**(8,000)**	**9,000**
	Vac. Rate With Sublet Space		**10.0%**	**11.1%**	**11.1%**					

1/ Includes buildings 15,000 SF RBA and greater; includes multi and single tenant buildings. Does not include buildings under construction or buildings owned by the government.
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Delta Associates

Delta Associates, the research affiliate of Transwestern, is a firm of experienced professionals offering valuation, consulting and data services to the commercial real estate industry for 25 years. The firm's practice is organized in three related areas:

1. ***Valuation*** services for partial interests in commercial real estate assets.
2. ***Consulting***, research and advisory services for commercial real estate projects, including market studies, market entry strategies, asset performance enhancement studies, pre-acquisition due diligence, and financial and fiscal impact analyses.
3. ***Subscription data*** for selected metro regions for office, industrial, retail, condominium, and apartment markets.

For further information about Delta Associates and to see all of our publications, please browse our web site at: DeltaAssociates.com.

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Transwestern specializes in agency leasing, property and facility management, tenant representation, corporate advisory, investment and finance, healthcare advisory, development, and research for a broad range of property types including office, industrial, retail and multi-family. In the past two years, the company leased in excess of 39 million square feet and represented clients in $4.2 billion of investment sales and financing.

Within that time period, Transwestern also oversaw the leasing and management of over 500 properties representing more than 150 million square feet, including project management for users of commercial real estate. For more information on Transwestern, please visit Transwestern.net.

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