

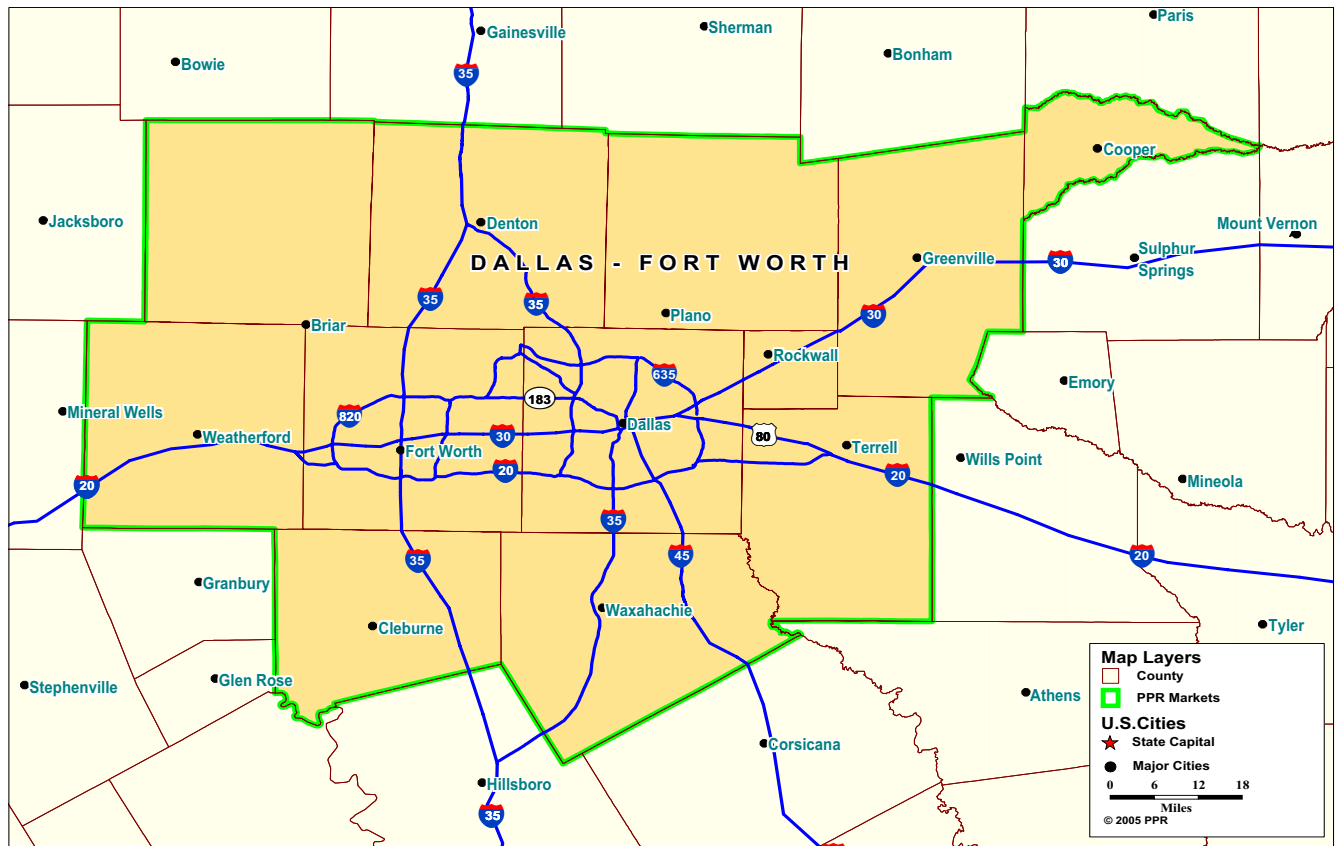
REED MARKET FUNDAMENTALS

Developed by Property & Portfolio Research, Inc.

DALLAS - FORT WORTH

06Q1

Map



DALLAS - FORT WORTH

ECONOMY

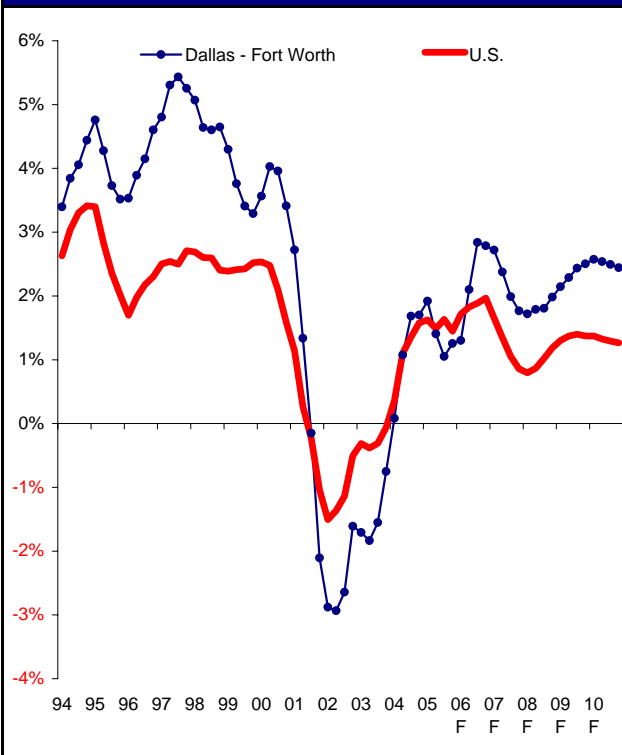
Metro Trends

The Dallas - Fort Worth economy is booming. In fact, the state of Texas is expanding rapidly, with Austin's employment up 3.7%, Houston's up 3.1%, and San Antonio's up 2.4% year-over-year as of March. The metroplex added the second most jobs (93,562 or 3.4%) of the 54 metros that PPR covers over the past 12 months ended in March, behind only Phoenix. The natural resources and mining and construction sectors exhibited the strongest growth over the past year, expanding by 6.8%, while the professional and business services sector added the most new jobs through March, totaling 23,026. Employment growth has been broad-based, with the only laggard being the information sector, which shed 588 jobs, or 0.6%. The transportation, warehousing, and utilities subsector gained just 76 jobs over the past 12 months, as layoffs at Delta and American Airlines have muted growth. Employment growth will average 2.3% annually over the forecast.

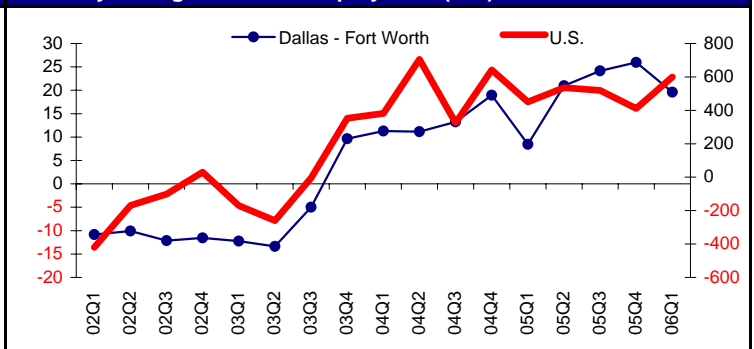
Employment Trends

NAICS Category	2006		Current		Annual Growth Rates					
	Employment (000)	Location Quotient	Year-over-Year Metro	U.S.	1996-2000 Metro	1996-2000 U.S.	2001-2005 Metro	2001-2005 U.S.	2006-2010 Metro	2006-2010 U.S.
Construction	152	0.98	6.8%	4.3%	9.5%	4.9%	-1.0%	1.7%	3.0%	1.0%
Manufacturing	300	1.02	1.3%	-0.3%	1.5%	-0.0%	-3.3%	-3.7%	0.2%	-0.4%
Trade, Transportation and Utilities	607	1.11	2.3%	1.0%	3.9%	1.9%	-1.5%	-0.2%	1.8%	0.7%
Retail Trade	305	0.95	2.7%	0.7%	3.5%	1.9%	-1.6%	-0.1%	1.8%	0.6%
Wholesale Trade	165	1.35	3.3%	1.7%	4.6%	1.5%	-1.5%	-0.4%	1.8%	1.1%
Trans, Ware and Util	137	1.34	0.1%	1.1%	4.1%	2.1%	-1.3%	-0.5%	1.9%	0.5%
Financial Activities	223	1.29	4.0%	2.4%	4.3%	2.4%	0.8%	1.2%	2.4%	1.2%
Government	373	0.82	3.2%	0.7%	2.8%	1.3%	2.7%	1.0%	2.3%	0.7%
Education and Health Services	289	0.78	4.6%	2.4%	2.9%	2.6%	2.6%	2.7%	3.3%	2.6%
Professional and Business Services	392	1.08	6.1%	2.7%	8.0%	5.2%	-0.5%	0.3%	2.6%	2.3%
Information	97	1.52	-0.6%	0.2%	7.4%	5.1%	-5.7%	-3.6%	2.5%	0.9%
Leisure and Hospitality	266	0.97	2.8%	2.1%	4.1%	2.4%	1.1%	1.5%	3.6%	2.5%
Other Services	112	0.99	2.8%	0.1%	3.1%	2.4%	0.8%	0.7%	3.0%	1.7%
Total Employment	2,826	1.00	3.4%	1.5%	4.2%	2.3%	-0.3%	0.3%	2.3%	1.3%

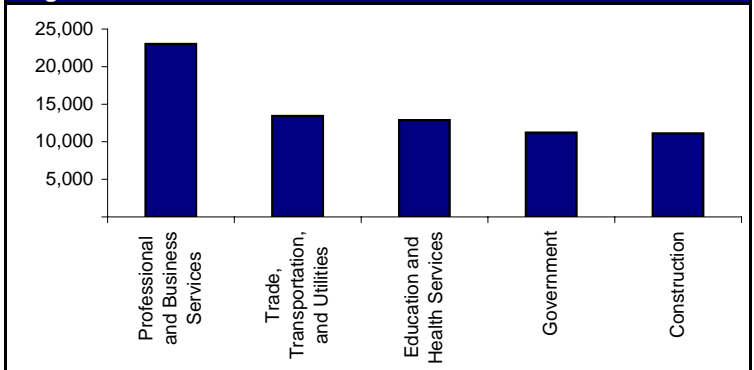
Year-over-Year Job Growth



Quarterly Changes in Total Employment (000)



Largest Contributors to Job Growth over Last 12 Months



Employment History

The annual change in employment over the last 10 years in Dallas - Fort Worth compared with the U.S. average is shown in the graph above. The information sector has the largest share of jobs in the metro and has a location quotient of 1.52. The metroplex has Verizon Communications, Texas Instruments, Electronic Data Systems, Compucom, Nortel Networks, Sprint, L-3 Communications, AT&T, RadioShack, Nokia, and Motorola as major employers.

DALLAS - FORT WORTH

ECONOMY

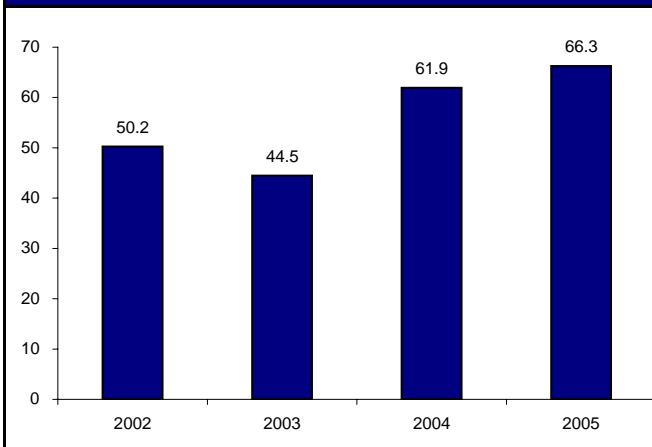
Demographics

Population growth in Dallas - Fort Worth remains strong and was above average at 2.1% over the last year. Over the forecast, population growth is expected to outpace the national average by more than 2 to 1. The metroplex also experienced an influx of Hurricane Katrina and Rita evacuees, though not nearly as many as in Houston. This influx helped drive net in-migration of 66,300 in 2005, up from its annual average of 55,722 over the last four years. Net in-migration should remain strong over the forecast, as people tend to flock to the Dallas - Fort Worth metroplex when job growth is high. Within the metro, Rockwall, which tallied 58,260 residents as of the most recent Census survey, was the fastest-growing county, expanding by a 7.3% annualized rate during the period July 2001 to July 2004.

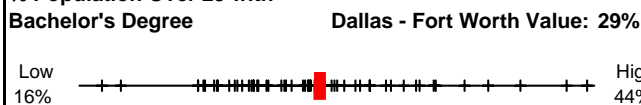
The metro's labor force increased by 3.1% year-over-year as of March, but the rapidly expanding job base has more than compensated for the increased labor force participation, resulting in an unemployment rate of 4.8%. Though the unemployment rate remains slightly above the U.S. rate, this is a marked improvement, as the unemployment rate has remained elevated since 2001. Median household income in Dallas - Fort Worth was \$53,392 in the first quarter, 15.6% above the national level. Incomes should continue to rise over the next five years, averaging growth of 3.7% annually, and at a faster clip than that of the previous five years. Income growth in Dallas - Fort Worth will outpace the national average of 3.1%.

Demographics	Current		Annual Growth				Age Cohort	Value	Rank	U.S. Value
Category	Year-over-Year 06Q1		2001-2005		2006-2010					
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Total Population 04Q3			
Population	2.1%	0.9%	2.2%	1.0%	2.1%	0.9%	5,901,806	4		298,433,000
Households	2.4%	1.2%	2.3%	1.0%	2.4%	1.2%	<18 / Children	6		27.5%
Labor Force	3.1%	1.6%	1.1%	1.0%	2.0%	1.1%	20-34 / Young Adult	4		20.5%
Median HH Income	2.3%	2.9%	1.4%	1.6%	3.7%	3.1%	18-65 / Working Age	16		60.1%
							65+ / Retirement Age	52		12.4%
							Median Age (#)	50		35.3

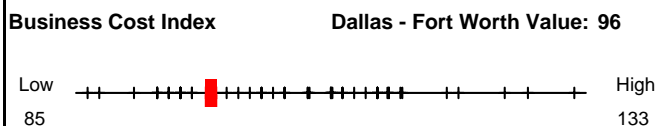
Net Migration (000)



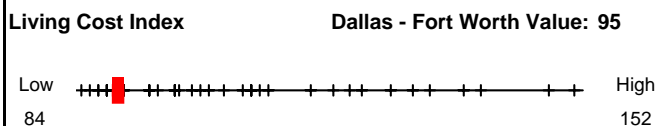
% Population Over 25 with Bachelor's Degree



Business Cost Index



Living Cost Index



Demographics

Dallas - Fort Worth's population is relatively young, as the median age in the metro of 32.1 years is lower than the national median of 35.3 years. The metro ranks fourth out of the 54 markets tracked by PPR in terms of its concentration of residents in the 20-34 age cohort, those most likely to rent an apartment. It also ranks sixth in the PPR54 in terms of its share of population under the age of 20. Also, an above-average percentage of the population over 25 years old in Dallas - Fort Worth has earned a bachelor's degree. The highly educated labor force helps to attract well-paying jobs to the metro.

Costs

The Dallas - Fort Worth metroplex continues to offer a slight cost advantage. The cost of living in Dallas - Fort Worth is 5% below the national average. In addition, business costs are lower than those in the rest of the nation, and it is these low business costs that have traditionally been an attractive draw for relocating and expanding companies, though this cost advantage is beginning to erode.

Fortune 500

The Dallas - Fort Worth metropolitan area is home to 22 Fortune 500 companies, including Exxon Mobil, AMR, Electronic Data Systems, J.C. Penney, Kimberly-Clark, D.R. Horton, Texas Instruments, Fluor, and Burlington Northern Santa Fe. On a per capita basis, that translates to four per million residents.

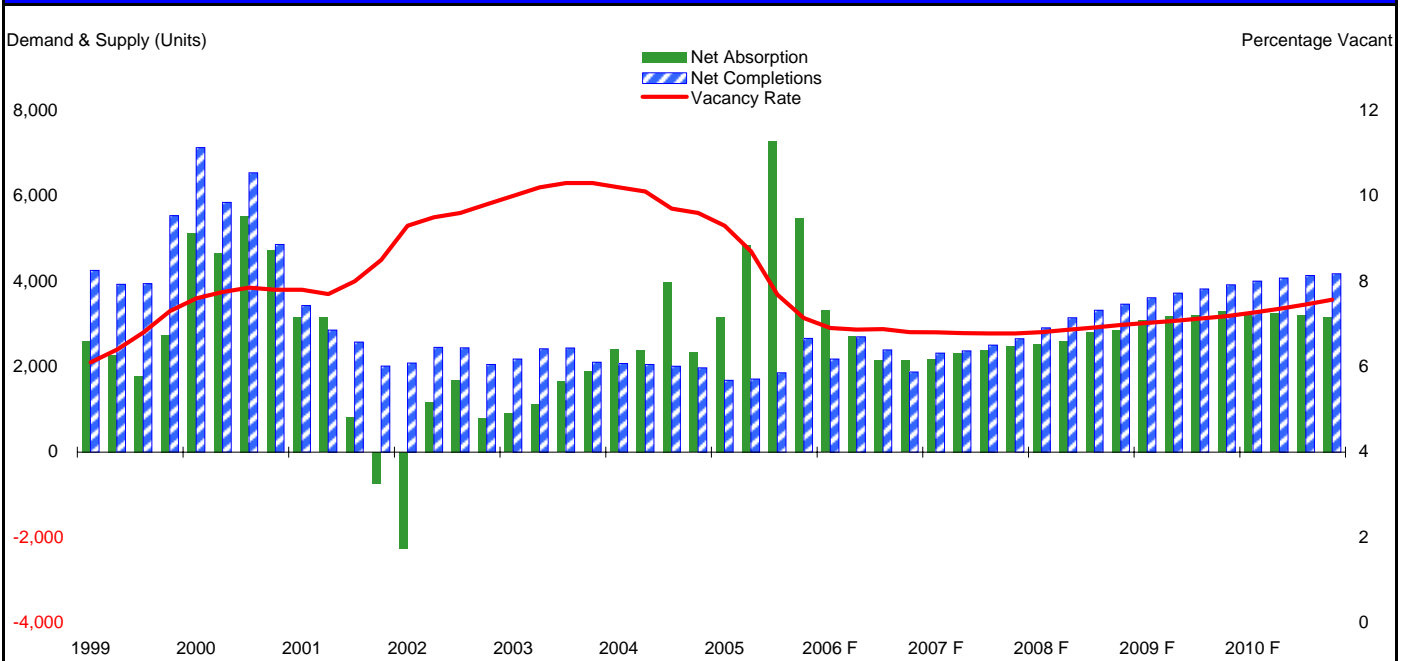
DALLAS - FORT WORTH

APARTMENT

Current Metro Trends

The healthy rebound in the Dallas - Fort Worth economy, coupled with a short-term demand boost from Hurricane Katrina, has pushed vacancies down to 6.9% at the end of the first quarter. This is an improvement of 20 basis points from the prior quarter, and over the past 12 months, vacancies declined 240 basis points, dropping to their lowest point since the third quarter of 1999. In addition, a construction lull (fewer than 8,000 units delivered in 2005) also aided this strong rebound. Vacancies in the Dallas - Fort Worth apartment market are below their historical average of 9.8% and should remain so over the forecast. Demand popped over the past 12 months as net absorption totaled 20,920 units and will total 9,213 units over the coming year. Completions from 2006-07 are expected to average 9,502 units per year, and supply additions over the five-year forecast window should average approximately 2.2% of inventory, below the market's historical average.

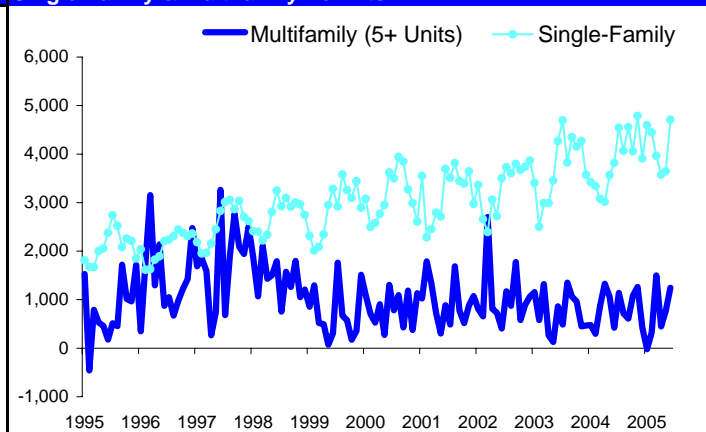
Supply, Demand, and Vacancy



Apartment Net Completions (Units)

03/31/99	4,253	03/31/03	2,180	03/31/07	2,320
06/30/99	3,929	06/30/03	2,418	06/30/07	2,371
09/30/99	3,945	09/30/03	2,437	09/30/07	2,505
12/31/99	5,536	12/31/03	2,105	12/31/07	2,654
03/31/00	7,127	03/31/04	2,075	03/31/08	2,911
06/30/00	5,847	06/30/04	2,053	06/30/08	3,146
09/30/00	6,538	09/30/04	2,011	09/30/08	3,322
12/31/00	4,862	12/31/04	1,975	12/31/08	3,463
03/31/01	3,430	03/31/05	1,681	03/31/09	3,616
06/30/01	2,857	06/30/05	1,713	06/30/09	3,721
09/30/01	2,576	09/30/05	1,859	09/30/09	3,822
12/31/01	2,014	12/31/05	2,663	12/31/09	3,918
03/31/02	2,088	03/31/06	2,181	03/31/10	4,002
06/30/02	2,454	06/30/06	2,701	06/30/10	4,074
09/30/02	2,442	09/30/06	2,394	09/30/10	4,136
12/31/02	2,053	12/31/06	1,878	12/31/10	4,177

Single-Family & Multifamily Permits



Historical Market Trends

The homeownership rate in Dallas - Fort Worth for 2005 was 62.3%, which was significantly below the national average of 69%, largely due to the metroplex's young population. The homeownership rate has decreased 0.3 percentage points since 2001, and this fall in the homeownership rate has benefited apartment demand. Home prices have increased a modest 2.7% per year from 2001-05, compared with annual growth of 8.8% nationally, and housing remains affordable, as the median home price is just \$147,180. The weaker performance of the local housing market has kept home prices relatively affordable in Dallas - Fort Worth and will not provide as much of a boost for apartment demand as interest rates rise.

DALLAS - FORT WORTH

APARTMENT

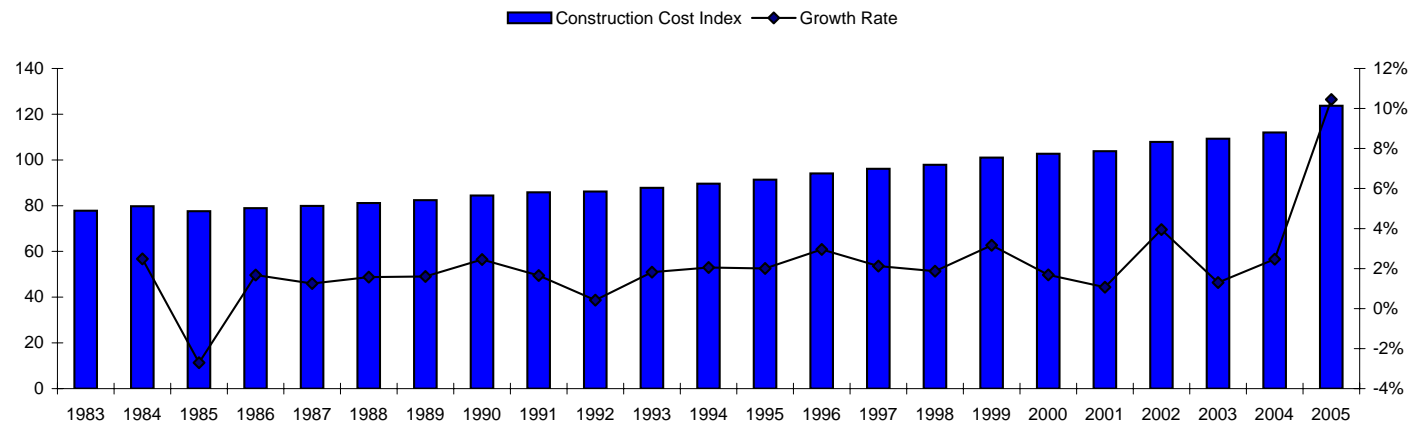
Major Projects

	Title	Submarket	City	Stage	Size (Units)	Target Start	Target Completion
1	Mosaic Apartments	North Dallas	Dallas	Underway	440	11/05	9/06
2	Broadstone Vista Ridge	Denton/Lewisville	Lewisville	Underway	375	8/05	6/06
3	AMLI at La Villita Apartments	Irving	Irving	Completed	360	11/04	3/06
4	Cirque Apartment Tower	North Dallas	Dallas	Underway	252	11/05	3/07
5	The Residence at Republic Apartments	North Dallas	Dallas	Underway	229	10/05	6/07

Construction Trends

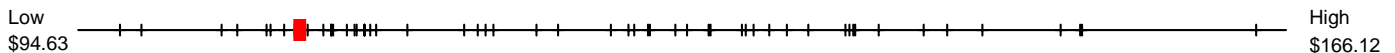
With vacancies below their long-term average, developers are swarming and apartment construction is accelerating, with 9,154 units slated to complete in 2006, compared to 7,916 in 2005 (the lowest level of completions since 1994). However, multifamily permitting activity in the metro has been decelerating, with 2,457 permits issued year-to-date through March, down 13% from the same period a year earlier. Over the last five years, annual growth in multifamily permits has averaged a modest 4%. The total number of multifamily units (Condo/Townhouse and Apartment) in the planning, bidding, and post-bidding phases currently equates to 2.1% of inventory, ranking the market 46th in the PPR54.

Dallas - Fort Worth Construction Cost Index



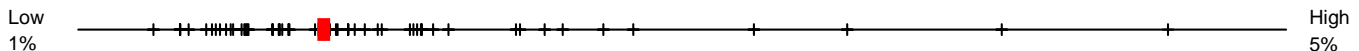
Apartment Building Construction Cost per SF: Costs for 2005

Dallas - Fort Worth Value: **\$105.95**



Apartment Building Construction Cost: Growth from Jan-05 to Apr-05

Dallas - Fort Worth Value: **2.1%**



Sources: PPR; Economy.com; Reed Construction

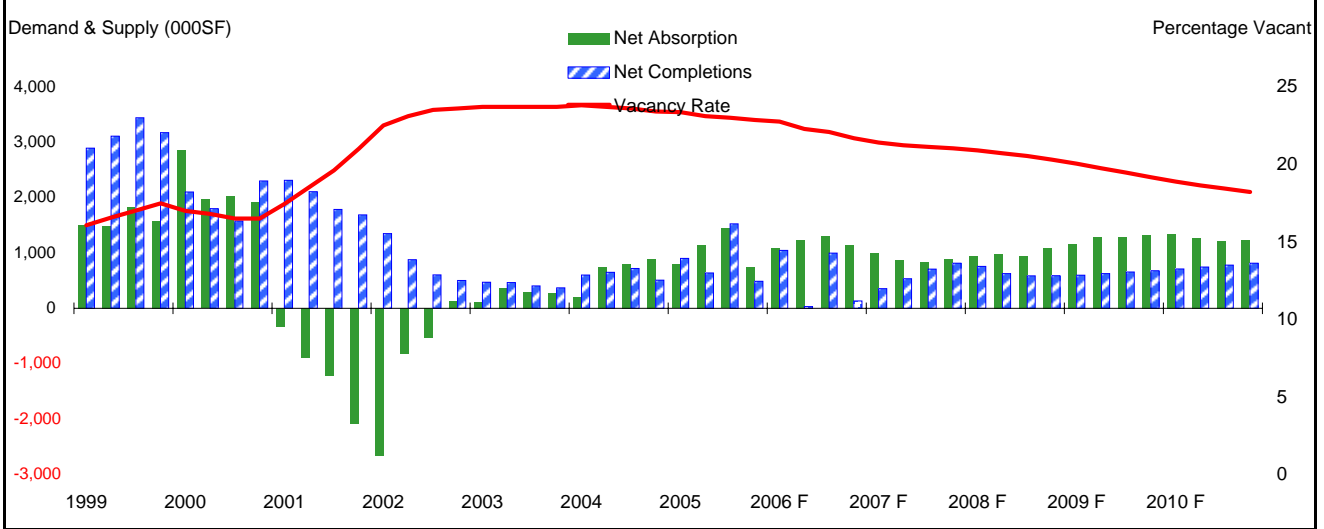
DALLAS - FORT WORTH

OFFICE

Current Metro Trends

Conditions in the Dallas - Fort Worth office market are improving as vacancies continue to fall. The metroplex added 27,711 new office-using jobs (4%) year-over-year as of February. This was the most jobs added of the 54 markets that PPR tracks. The vacancy rate was 22.7% in the first quarter, down 20 basis points from last quarter and 70 basis points from one year ago. Vacancies are forecast to fall sharply here over the forecast and settle to about 18%. Part of this recovery will be aided by over two million SF of office space in the Dallas CBD that is being converted to residential use. The metroplex still has a large amount of unoccupied space, as the total vacant inventory is larger than the entire office stock of 18 of the 54 markets that PPR tracks. Completions for the years 2006-07 are expected to average 2.3 million SF per year, and supply additions over the five-year forecast window should average 1% of inventory, compared with the market's historical average

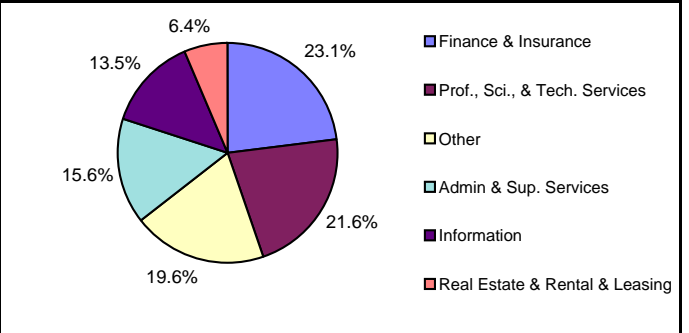
Supply, Demand, and Vacancy



Office Net Completions (000 Sq Ft)

03/31/99	2,891	03/31/03	470	03/31/07	356
06/30/99	3,107	06/30/03	464	06/30/07	536
09/30/99	3,441	09/30/03	405	09/30/07	708
12/31/99	3,170	12/31/03	371	12/31/07	815
03/31/00	2,100	03/31/04	600	03/31/08	758
06/30/00	1,800	06/30/04	650	06/30/08	627
09/30/00	1,576	09/30/04	720	09/30/08	587
12/31/00	2,300	12/31/04	510	12/31/08	590
03/31/01	2,310	03/31/05	900	03/31/09	597
06/30/01	2,105	06/30/05	638	06/30/09	627
09/30/01	1,786	09/30/05	1,524	09/30/09	656
12/31/01	1,687	12/31/05	489	12/31/09	678
03/31/02	1,350	03/31/06	1,047	03/31/10	712
06/30/02	877	06/30/06	33	06/30/10	746
09/30/02	605	09/30/06	996	09/30/10	780
12/31/02	502	12/31/06	133	12/31/10	814

Office-Using Employment Composition



Fastest-Growing Office-Using Sectors 2006-2010

Sector Name	Avg. Annual Growth Rate	Share of Jobs Added
Administrative and Support Services	2.7%	18.5%
Professional, Scientific, and Technical Services	2.3%	21.9%
Finance and Insurance	2.3%	23.2%
Real Estate and Rental and Leasing	2.2%	6.2%
Information	2.1%	12.6%

Historical Trends

Office-using employment accounts for an above-average share of the metro's total employment base at 25.2%, compared to 23.2% nationwide, giving the office market a strong base for new demand. Dallas - Fort Worth has historically been successful in capturing relocating and expanding business. Growth in office-using jobs over recent history has been below the national average but has recently surged and should be above average over the forecast. Vacancies have historically averaged 21.8% since 1982, 0.9 percentage points below their current level.

Office Demand Trends

The finance and insurance sector accounts for a significant share (23%) of the office-using employment base in the metro, and new office-job creation will depend this sector, which will create 23.2% of the new jobs over the forecast. Jobs will be generated by large financial firms like Citigroup, Washington Mutual, Countrywide Home Loans, and Ameriquest Mortgage, which all plan to add a significant number of jobs locally, as Dallas - Fort Worth will continue to be a major financial center. However, Countrywide's hiring pledge could be reduced, as many of these will be mortgage-processing jobs, which are national in scope. Thus, as the nation goes, so go these jobs. As interest rates rise, mortgage refinancing and origination volume will continue to wane, and some of these jobs could be vulnerable. There are already signs of weakness as ACC Capital Holdings, the parent company of Ameriquest Mortgage, plans to cut 3,800 employees nationwide, closing branches and consolidating call centers.

Sources: PPR; Economy.com; Reed Construction

DALLAS - FORT WORTH

OFFICE

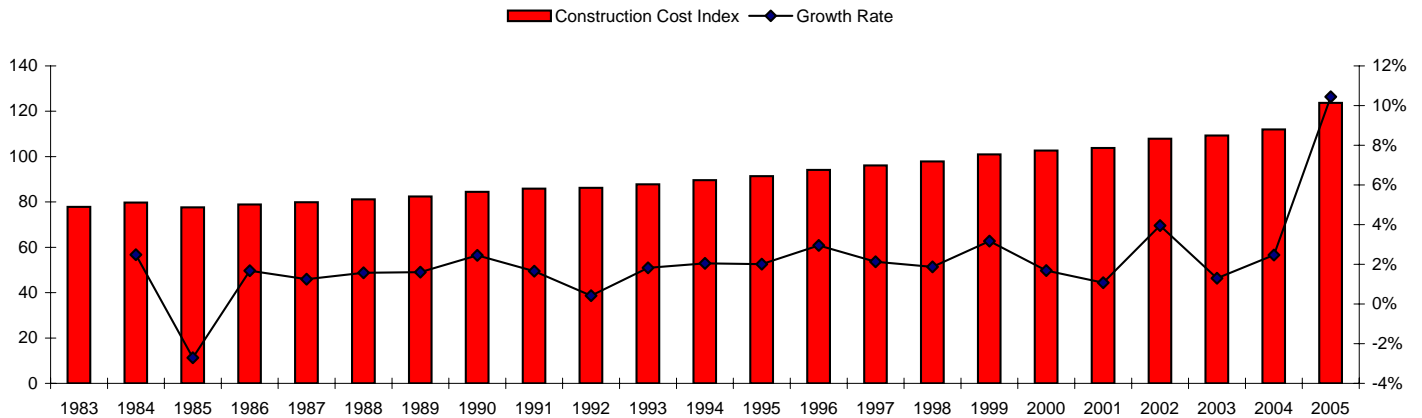
Major Projects

	Title	Submarket	City	Stage	Size (000 SF)	Target Start	Target Completion
1	Citigroup Inc. BTS	Las Colinas	Irving	Underway	675	9/04	8/06
2	One Arts Plaza - 7-11 Headquarters	CBD - Dallas	Dallas	Underway	425	9/05	4/07
3	Hunt Oil Co.	CBD - Dallas	Dallas	Underway	400	4/06	8/07
4	Koll LEED Speculative Building	Las Colinas	Irving	Underway	200	2/06	12/06
5	Union Tower	CBD - Dallas	Dallas	Underway	-800	11/05	9/06

Construction Activity

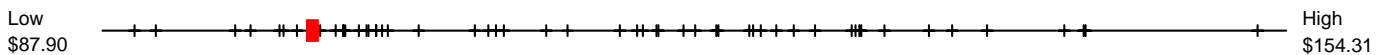
Office construction is moderating, but this is somewhat misleading, as over two million SF of vacant office space in the Dallas CBD will be removed from competitive inventory this year, as the buildings are converted into residential units. Thus, ground-up construction is higher than last year. On net, 2.2 million SF are scheduled to complete in 2006, down 38% from 2005. Going forward, the amount of planned construction is moderate, as the total square footage of office space in the planning, bidding, and post-bidding phases currently equates to 2.8% of inventory, ranking the market 35th in the PPR54.

Dallas - Fort Worth Construction Cost Index



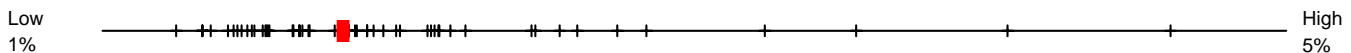
Office Building Construction Cost per SF: Costs for 2005

Dallas - Fort Worth Value: **\$98.41**



Office Building Construction Cost: Growth from Jan-05 to Apr-05

Dallas - Fort Worth Value: **2.1%**



Sources: PPR; Economy.com; Reed Construction

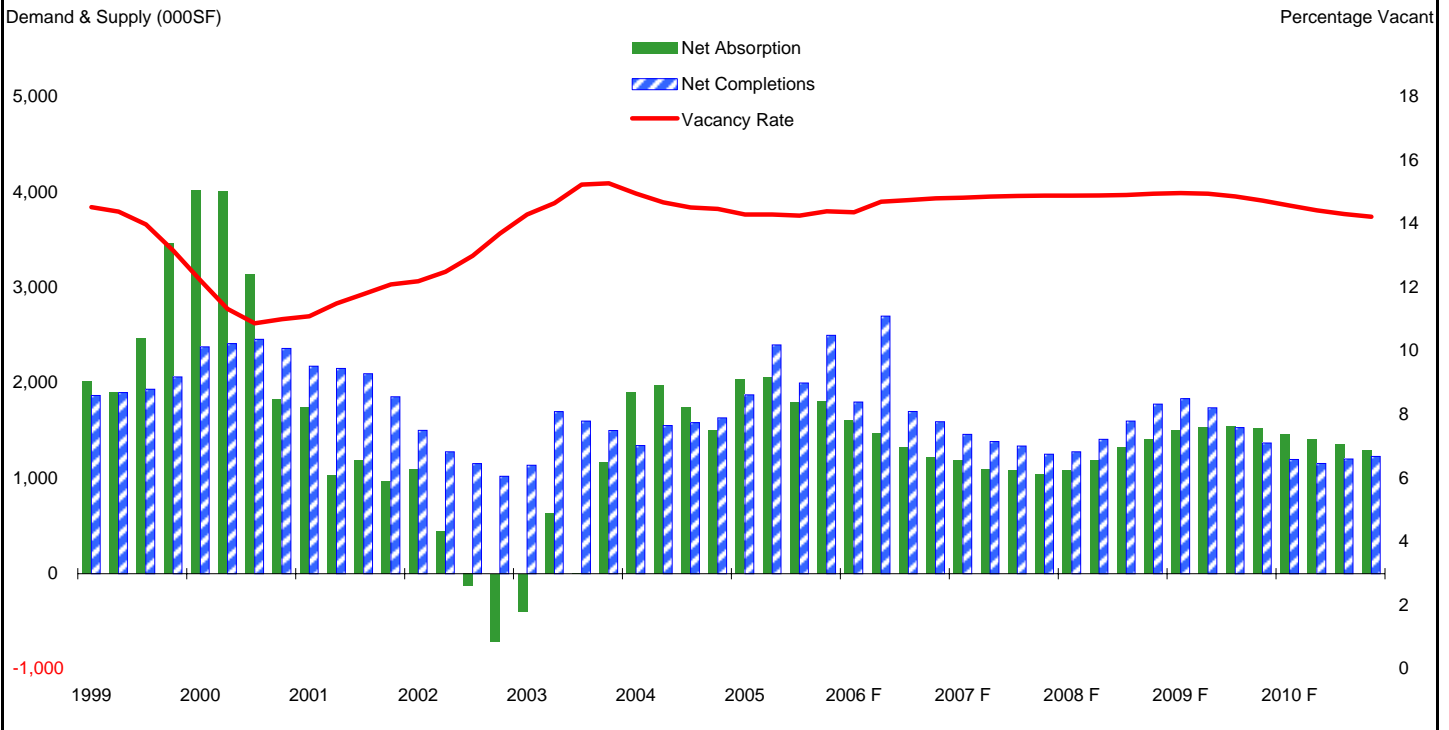
DALLAS - FORT WORTH

RETAIL

Current Metro Trends

The retail market in Dallas - Fort Worth has held steady, as economic vacancies rested at 14.4% in the first quarter. Over the last 12 months, vacancies remained relatively stable and should stay that way over the forecast. Retail sales should hold up better here than nationally, as the metroplex has strong demographic drivers. The metro will experience a surge in Echo Boomers over the next five years, while simultaneously seeing the largest increase in the Big Spender cohort of the 54 markets that PPR tracks. The pace of retail construction in the metro will slow going forward, though there are several large-scale projects in the pipeline. Completions for the years 2006-07 are expected to average 6.6 million SF per year, and supply additions over the five-year forecast window will be above the market's historical average in net square feet.

Supply, Demand, and Vacancy



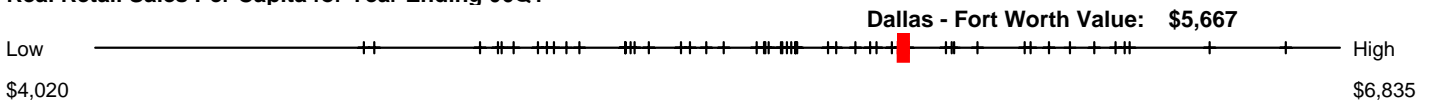
Retail Net Completions (000 Sq Ft)

03/31/99	1,870	03/31/03	1,137	03/31/07	1,461
06/30/99	1,900	06/30/03	1,700	06/30/07	1,386
09/30/99	1,934	09/30/03	1,600	09/30/07	1,338
12/31/99	2,063	12/31/03	1,501	12/31/07	1,253
03/31/00	2,379	03/31/04	1,344	03/31/08	1,278
06/30/00	2,412	06/30/04	1,553	06/30/08	1,410
09/30/00	2,458	09/30/04	1,584	09/30/08	1,600
12/31/00	2,362	12/31/04	1,635	12/31/08	1,779
03/31/01	2,177	03/31/05	1,876	03/31/09	1,836
06/30/01	2,153	06/30/05	2,400	06/30/09	1,741
09/30/01	2,097	09/30/05	2,000	09/30/09	1,532
12/31/01	1,855	12/31/05	2,500	12/31/09	1,371
03/31/02	1,503	03/31/06	1,800	03/31/10	1,199
06/30/02	1,278	06/30/06	2,701	06/30/10	1,156
09/30/02	1,154	09/30/06	1,702	09/30/10	1,203
12/31/02	1,022	12/31/06	1,593	12/31/10	1,230

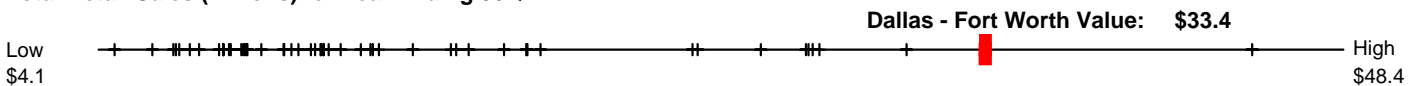
Historical Market Trends

Retail demand in Dallas - Fort Worth has historically been supported by strong population growth. In addition, median incomes were 15.6% greater than the U.S. level in the first quarter, also bolstering retail sales, as real retail sales per capita are strong, at 9.3% above the national average. Historically, the Dallas - Fort Worth retail market has been known for being a heavy builder, adding 3.2% to inventory per year since 1982, compared to the national average of 2.4%.

Real Retail Sales Per Capita for Year Ending 06Q1



Total Retail Sales (Billions) for Year Ending 06Q1



Sources: PPR; Economy.com; Reed Construction

DALLAS - FORT WORTH

RETAIL

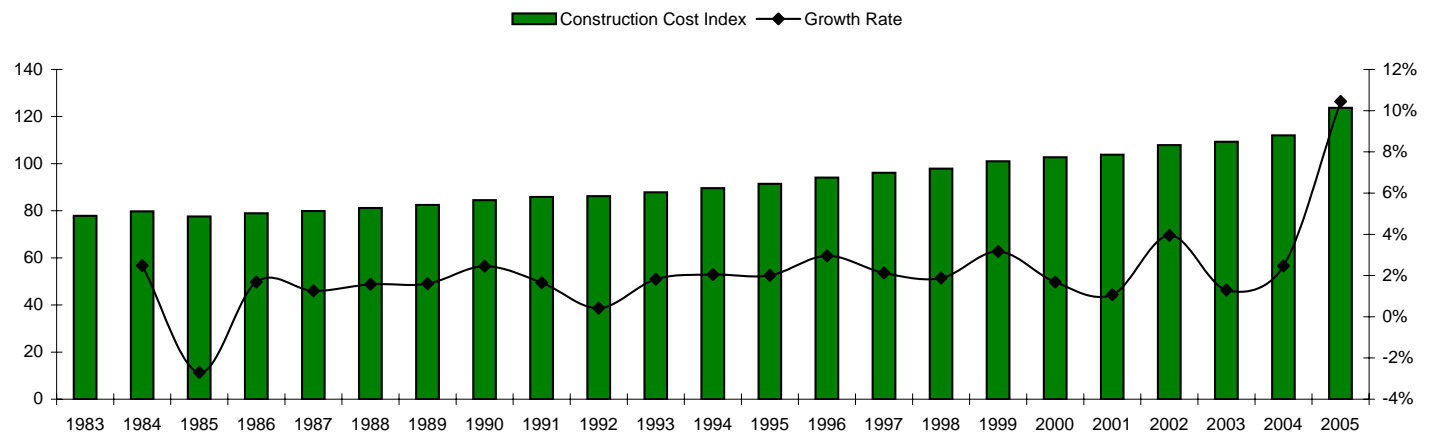
Major Projects

	Title	Subclass	City	Stage	Size (000 SF)	Target Start	Target Completion
1	The Village at Fairview National and Allen	Lifestyle Center	Fairview and Allen	Underway	1,000	11/05	9/08
2	Allentowne		Allen	Planning	1,000	6/07	
3	Firewheel Town Center	Regional/Super-Regional Mall	Garland	Completed	785	2/04	10/05
4	Alliance Town Center	Power Center/Big Box	Fort Worth	Underway	600	8/05	10/06
5	Arlington Highlands Shopping Center	Shopping Centers	Arlington	Underway	600	11/05	9/07

Construction Trends and Details

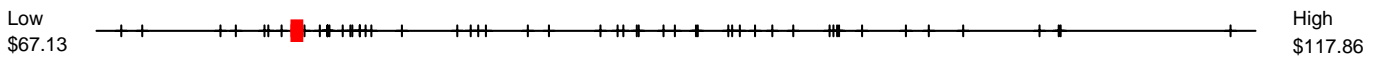
Retail construction activity is moderating in Dallas - Fort Worth. About 7.8 million SF are scheduled to complete in 2006, down 11% from 2005, but several large-scale projects are in the pipeline. General Growth Properties and Hillwood will team up to develop a 1.1 million SF power center near their planned 1.6 million SF Circle T Ranch in Westlake. In addition, General Growth also has plans for a one million SF project dubbed Allentowne, and construction could begin in 2007.

Dallas - Fort Worth Construction Cost Index



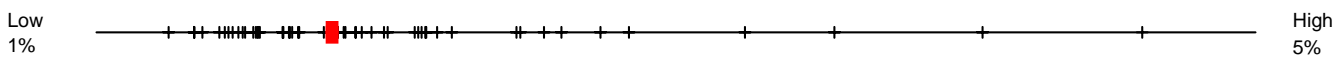
Retail Building Construction Cost per SF: Costs for 2005

Dallas - Fort Worth Value: **\$75.17**



Retail Building Construction Cost: Growth from Jan-05 to Apr-05

Dallas - Fort Worth Value: **2.1%**



Sources: PPR; Economy.com; Reed Construction

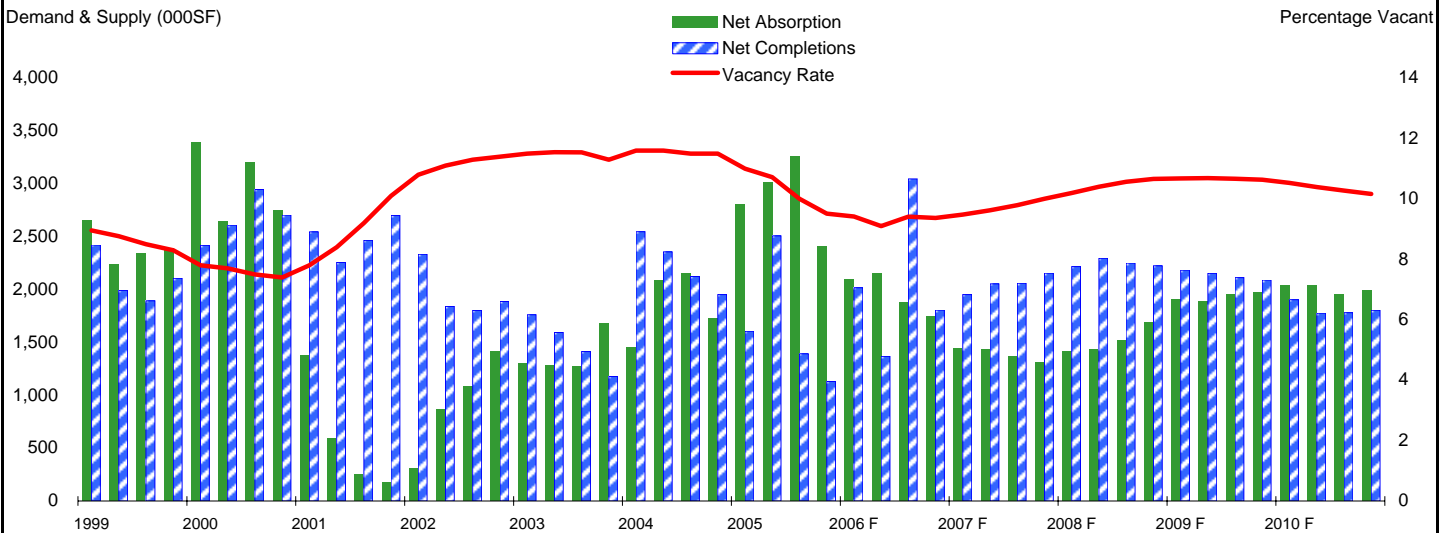
DALLAS - FORT WORTH

WAREHOUSE

Current Metro Trends

Vacancies in the Dallas - Fort Worth warehouse market improved during the first quarter, as demand remains strong after a stellar 2005. The vacancy rate was 9.4%, compared to 9.5% last quarter and 11% a year ago. The metroplex has seen several large leases signed over the past 12 months, including Amazon.com for 631,000 SF, and Whirlpool, which took down 724,000 SF at a former GM plant. Net absorption totaled 11.5 million SF in 2005 and is expected to slow a bit, to 7.9 million SF in 2006. Completions from 2006-07 are expected to average 8.2 million SF per year, and supply additions over the five-year forecast window should average 2.8% of inventory, compared to the market's historical average of 3.9%. As build-to-suit projects dominated construction in 2005, speculative projects will highlight construction in 2006 and into 2007. Vacancies are expected to be near 10% by the end of the forecast.

Supply, Demand, and Vacancy



Warehouse Net Completions (000 Sq Ft)

03/31/99	2,421	03/31/03	1,761	03/31/07	1,952
06/30/99	1,991	06/30/03	1,593	06/30/07	2,053
09/30/99	1,893	09/30/03	1,414	09/30/07	2,060
12/31/99	2,106	12/31/03	1,178	12/31/07	2,156
03/31/00	2,419	03/31/04	2,547	03/31/08	2,217
06/30/00	2,609	06/30/04	2,356	06/30/08	2,296
09/30/00	2,946	09/30/04	2,124	09/30/08	2,251
12/31/00	2,704	12/31/04	1,952	12/31/08	2,225
03/31/01	2,546	03/31/05	1,605	03/31/09	2,183
06/30/01	2,256	06/30/05	2,507	06/30/09	2,154
09/30/01	2,465	09/30/05	1,393	09/30/09	2,113
12/31/01	2,700	12/31/05	1,130	12/31/09	2,091
03/31/02	2,333	03/31/06	2,018	03/31/10	1,905
06/30/02	1,840	06/30/06	1,368	06/30/10	1,776
09/30/02	1,802	09/30/06	3,047	09/30/10	1,782
12/31/02	1,888	12/31/06	1,805	12/31/10	1,805

Market Characteristics	Current Value	Rank
Total Infrastructure Points	11	3
# of Cargo Airports	2	N/A
# of Railroad Lines	5	N/A
# of Container Ports	0	N/A
# of Intersecting Highways	4	N/A
% Pop. within 500 miles	14.3	33
Inventory (000 SF)	284,556	5
Inventory per Capita (SF)	48.2	10
Trucking/Whs Emp. LQ	1.3	6
Overall Rank	National	5

Market Characteristics

Dallas - Fort Worth is a national warehouse market. The warehouse inventory here is 284.6 million SF, ranking the market fifth in the 54 markets tracked. Several factors have contributed to Dallas's successful role as a warehousing and distribution hub. The metro is well-located along four major highways, including I-35 (the so-called NAFTA corridor), and all of the largest rail lines serve the region, which includes four intermodal freight centers. More than 50 million people can be reached from Dallas - Fort Worth overnight by truck or rail, and 98 percent of the U.S. population can be reached within 48 hours. The metro also offers excellent air cargo facilities, both through DFW Airport and Alliance Airport.

Historical Market Trends

Dallas - Fort Worth's current vacancy rate is relatively healthy compared with its long-term average of 9.3%. Historically, this market has been a heavy builder, with annual net completions as a percentage of inventory averaging 3.9%, compared to 2.6% for the national average. Local wholesale trade employment, a major driver of warehouse demand, has grown more slowly than the national average over the last five years, though the metro's concentration of jobs in that sector is 1.32. Over the forecast, wholesale trade employment growth should average 1.8%.

Sources: PPR; Economy.com; Reed Construction

DALLAS - FORT WORTH

WAREHOUSE

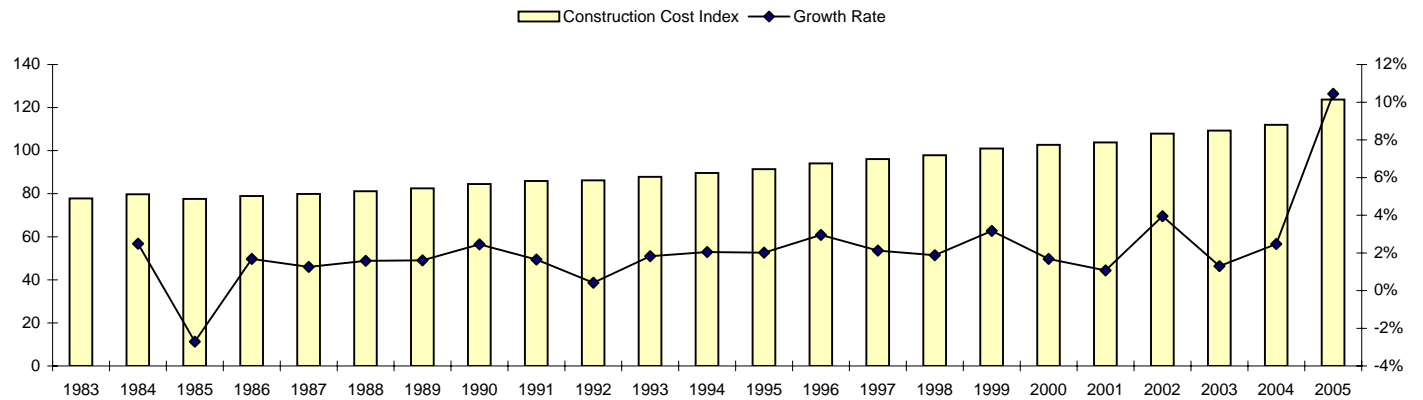
Major Projects

	Title	Submarket	City	Stage	Size (000 SF)	Target Start	Target Completion
1	Crossroads Trade Center	South Dallas	De Soto	Underway	550	1/06	11/06
2	1-20 Distribution Project	South Dallas	Duncanville	Underway	531	2/06	9/06
3	ProLogis Distribution Center	East Dallas	Mesquite	Completed	520	6/05	4/06
4	Lakeside Ranch Business Park Bldg 30 and 31	Northwest Dallas	Flower Mound	Underway	343	12/05	7/06
5	Walgreens Distribution Center	South Dallas	Waxahachie	Underway	202	10/05	12/06

Construction Activity

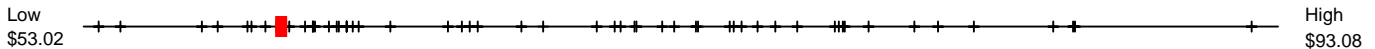
Warehouse development activity in the metro is increasing. About 8.2 million SF are scheduled to complete in 2006, up 24% from 2005. At 86%, the Warehouses subclass accounts for the highest share of industrial construction currently underway. The amount of planned warehouse construction is moderate. The total square footage of warehouse space in the planning, bidding, and post-bidding phases is 1% of inventory, ranking the market 19th of the PPR54. Speculative projects will lead construction in 2006. Trammell Crow Company is underway on its 531,000 SF 1-20 Distribution Center in the South Dallas Submarket. In addition, the Lakeside Ranch Business Park has begun work on two buildings totaling 434,000 SF in Flower Mound, and the park could eventually total 3.5 million SF.

Dallas - Fort Worth Construction Cost Index



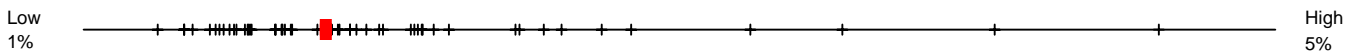
Warehouse Building Construction Cost per SF: Costs for 2005

Dallas - Fort Worth Value: **\$59.37**



Warehouse Building Construction Cost: Growth from Jan-05 to Apr-05

Dallas - Fort Worth Value: **2.1%**



Sources: PPR; Economy.com; Reed Construction

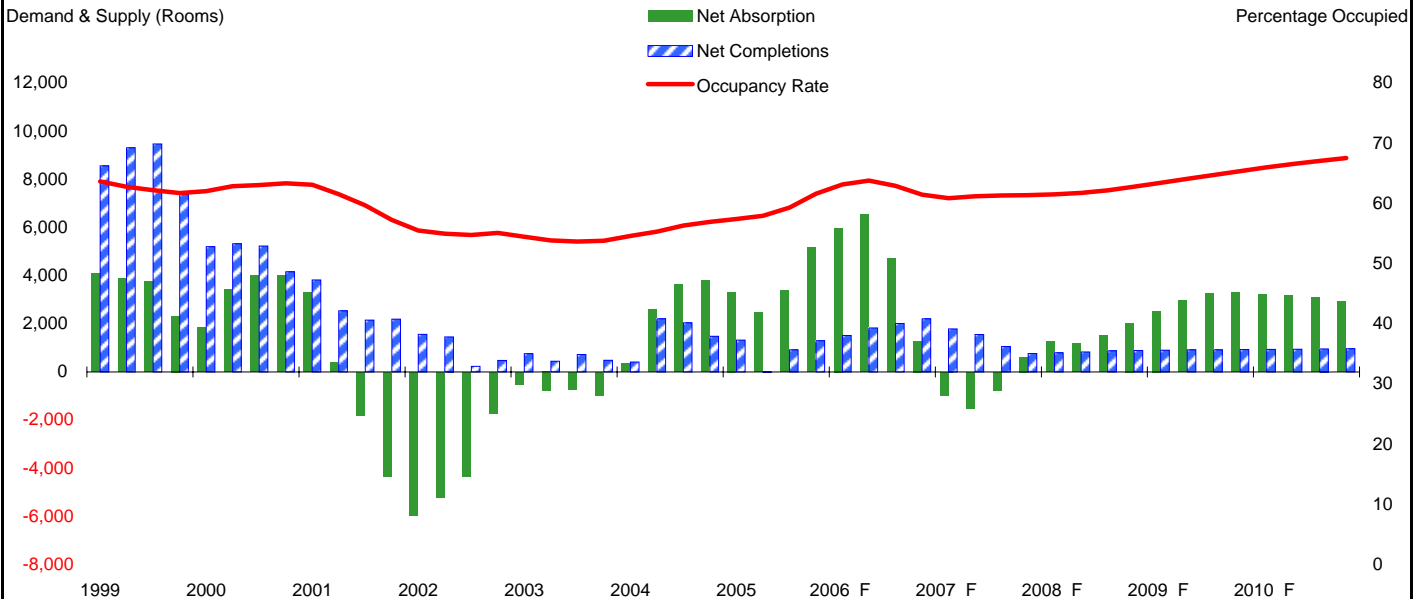
DALLAS - FORT WORTH

HOTEL

Current Metro Trends

Hotel occupancy rates in Dallas - Fort Worth have improved over the past year, closing the first quarter at 63.2%, with a boost from hurricane evacuees. This has caused demand to strengthen, with net absorption totaling 5,982 rooms over the past year, compared with 3,323 rooms over the previous 12 months. Over the forecast, demand will moderate from current levels, averaging 2,037 rooms per year. New construction totaled 1,520 rooms over the last 12 months. Completions in 2006-07 will average 1,486 rooms per year, and supply additions over the five-year forecast window should average 1.3% of inventory. This compares to forecast average annual supply additions totaling 1.9% of inventory for the PPR54 average hotel market. As a result, occupancies are forecast to be near 68% by 2010.

Supply, Demand, and Occupancy - Year to Year



Hotel Net Completions (Rooms)

03/31/99	1,070	03/31/03	(1,794)	03/31/07	(2,230)
06/30/99	2,562	06/30/03	981	06/30/07	1,531
09/30/99	2,487	09/30/03	1,072	09/30/07	1,512
12/31/99	1,256	12/31/03	228	12/31/07	(49)
03/31/00	(1,097)	03/31/04	(1,867)	03/31/08	(2,193)
06/30/00	2,683	06/30/04	2,779	06/30/08	1,567
09/30/00	2,392	09/30/04	901	09/30/08	1,552
12/31/00	183	12/31/04	(324)	12/31/08	(30)
03/31/01	(1,436)	03/31/05	(2,033)	03/31/09	(2,185)
06/30/01	1,401	06/30/05	1,454	06/30/09	1,583
09/30/01	2,012	09/30/05	1,822	09/30/09	1,556
12/31/01	221	12/31/05	55	12/31/09	(20)
03/31/02	(2,069)	03/31/06	(1,812)	03/31/10	(2,178)
06/30/02	1,292	06/30/06	1,763	06/30/10	1,591
09/30/02	794	09/30/06	2,011	09/30/10	1,563
12/31/02	465	12/31/06	247	12/31/10	(10)

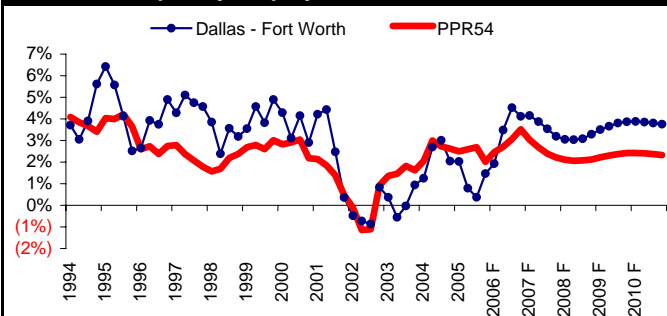
Climate Patterns

Climate Patterns	Winter	Spring	Summer	Fall
Avg. Temperature (degrees Fahrenheit)	47	65	84	67
Avg. Precipitation per Month (Inches)	2.0	3.8	2.4	2.9

Historical Trends

Occupancies in Dallas - Fort Worth are currently above their historical average of 61%. Leisure and hospitality employment is less concentrated in the metro than in the U.S. as a whole, accounting for 9.3% of total employment, compared to 9.6% nationally. Growth in leisure and hospitality employment has outpaced the national average over the past 20 years. Since 1988, this market has been a heavy builder, with annual supply as a percentage of inventory averaging 1.9%, compared to 1.6% for the national average.

Leisure & Hospitality Employment Growth



Sources: PPR; Economy.com; Smith Travel Research; Weatherbase.com; Reed Construction

DALLAS - FORT WORTH

HOTEL

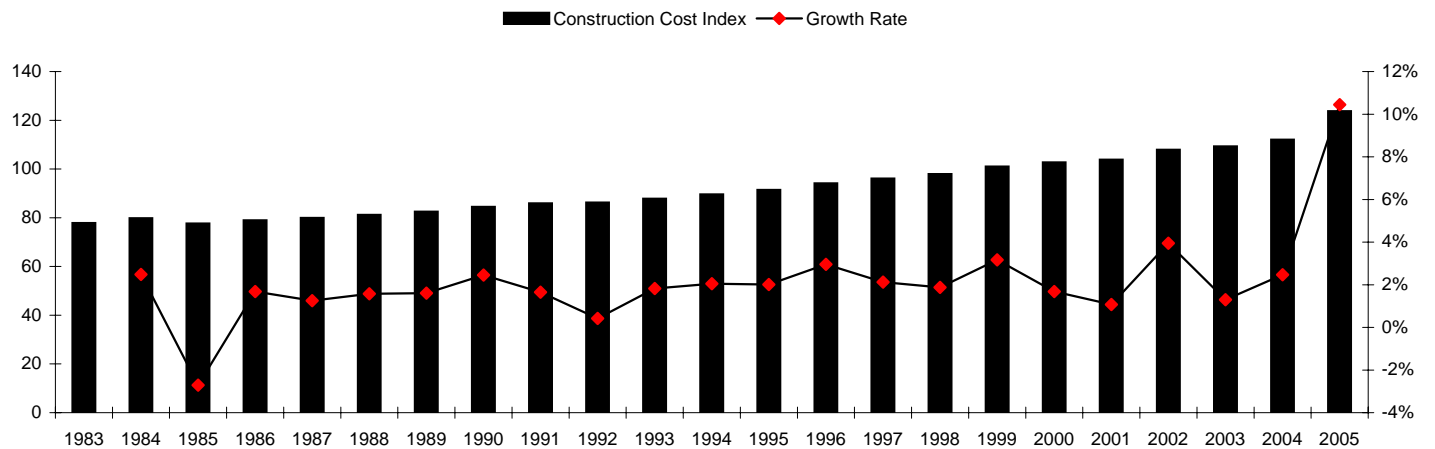
Major Projects

	Title	City	Stage	Rooms	Target Start	Target Completion
1	W Hotel	Dallas	Underway	##	3/05	10/06
2	Hilton Hotel Southlake Town Center	Southlake	Underway	##	5/05	10/06
3	Ritz-Carlton Hotel	Dallas	Underway	##	10/05	3/07
4	Holiday Inn Hotel & Suites	Denton	Underway	##	2/05	6/06
5	Residence Inn By Marriott	Grapevine	Underway	##	7/05	11/06

Hotel Construction Trends

Dallas - Fort Worth's hotel inventory is relatively dense at 16.1 rooms per capita, compared with 14.4 rooms per capita at the national level. Construction activity is increasing. Nearly 2,209 rooms are scheduled to complete in 2006, up 70% from 2005. The amount of planned hotel construction is moderate. The total number of rooms in both the planning, bidding, and post-bidding phases is 5.7% of inventory, ranking the market 32nd in the PPR54.

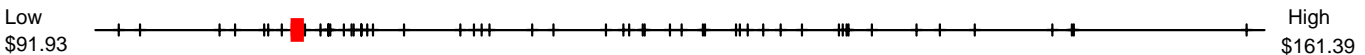
Dallas - Fort Worth Construction Cost Index



Hotel Building Construction Cost per SF: Costs for 2005

Dallas - Fort Worth Value:

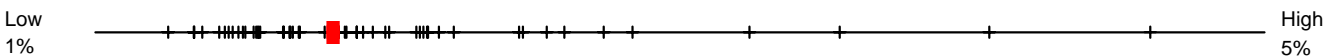
\$102.93



Hotel Building Construction Cost: Growth Jan-05 to Apr-05

Dallas - Fort Worth Value:

2.1%



Sources: PPR; Economy.com; Smith Travel Research; Reed Construction

GLOSSARY

FORECASTING PROCESS

PPR's forecast of supply, demand, vacancy, inventory, and rents begins from the top down with our proprietary, fully linked, behavioral econometric model. Following the completion of the initial forecast, PPR's team of market analysts uses bottom-up research performed at the metro level involving a variety of local and national data sources to validate and challenge the results of the model.

STRUCTURE TYPES

Apartment and Single Family—Category includes attached housing of five units and higher in rental apartment buildings. Owner-occupied housing, such as condominiums townhouses is not included. Student dormitories are not included. The Single Family category includes detached units that stand alone.

Office—The office category includes all types of office buildings. Commercial banks, financial buildings that serve as office space, owner-occupied space, including corporate headquarters and branch offices, are all included. Government administration buildings, with the exception of courthouses, capitols, police and fire stations, and city halls, are also included. Office R&D space is included in this category if the buildings are used primarily for office space. Medical facilities are excluded.

Retail—PPR tracks several major categories of retail space including shopping centers, stores, food stores, and stores excluding food. These categories can be further subclassed into the following retail types:

- **Neighborhood/Grocery-Anchored Center:** (Size: 30,000-149,999 SF). Open-air strip center that is anchored by a full-format grocery store with some inline space.
- **Community Center:** (Size: 150,000-399,999 SF). Open-air strip center with two or more anchors (may include grocery), connected by inline space.
- **Power/Big-Box Centers:** (Size: 400,000-800,000 SF). Open-air center consisting of several national big-box retailers (i.e., Home Depot, Target). May include inline space or outparcels.
- **Regional/Super-Regional Mall:** (Size: 750,000 SF or greater). Enclosed shopping center typically anchored by three or more large stores (primarily traditional department stores).
- **Lifestyle Center:** (Size: 100,000-500,000 SF). Open-air center consisting of several upscale specialty retailers. These centers have a high architectural, fashion, and entertainment component.

Warehouse—The warehouse category includes storage and distribution buildings, including loading/unloading facilities. Warehousing used for production and light manufacturing is included if the space is served by loading docks and the primary operation of the space is the storage and/or movement of goods. Flex space and light industrial space may be included if it is used primarily for warehouse needs.

Hotel—The hotel category includes hotels, motels, and resorts. Hotel categories include budget, economy, mid-scale, upscale, luxury, extended stay, and independent hotels.

DEFINITIONS

VACANCY RATE: The percentage of total unoccupied space in a market. The vacancy rate is an overall number, including both direct and sublease space, as well as owner-occupied space. Vacancy rates for the Apartment, Office, and Warehouse property types are based on data from several national and local sources. PPR's team of market analysts uses multiple sources as well as their contacts with local market participants to determine the most accurate vacancy rate for each market. Retail vacancy, on the other hand, is PPR's own estimate, calculated by comparing the changes of retail space and retail sales against a predetermined benchmark of required sales per square foot. The retail vacancy rate reflects the percentage of the total retail inventory that is not viable (i.e., not supportable by retail sales). It is thus a concept of economic vacancy rather than physical vacancy.

GLOSSARY

NET ABSORPTION and DEMAND: Net absorption is the net change of occupied space. The demand for space is therefore “realized” demand, i.e., the occupied building stock. Both concepts are based on building stock and vacancy. Net absorption is expressed in square feet for all the property types except apartment, which is expressed in units, and hotel, which is expressed in rooms. Apartment net absorption is based on an estimate of the number of renter households living in apartments. Negative apartment net absorption can occur when demand decreases because of job losses, increased rates of homeownership, poor demographics, and other economic factors. Office net absorption is based on an estimate of total office employment and the average space per employee. Negative office net absorption may occur when the economy experiences office-based job losses related to either structural or cyclical changes. Retail demand is based on an estimate of changes in real retail sales volume. Negative retail net absorption may occur when total retail sales decrease due to a variety of economic factors. Warehouse demand is based on an estimate of total warehouse-related employment and the occupied warehouse space per capita. Negative warehouse net absorption may occur when there are job losses in the trucking/warehouse and wholesale trade sectors. Hotel demand is based on the net number of additional hotel rooms required by business and recreational guests. It is a 4-quarter moving average smoothed series, based on Smith Travel Research data. Negative hotel net absorption can occur when the requirement for hotel rooms decreases because of job losses, falling personal income levels, high room rates, and other economic factors.

COMPLETIONS: The net change in building stock. Quarterly completions are determined by PPR’s team of market analysts, which tracks construction on a project-by-project basis using Reed Construction Data as a major source of information. Negative net completions occur when depreciation exceeds the new stock added during the year. Hotel net completions are frequently negative due to the lodging industry practice of removing a percentage of rooms from competitive inventory for renovation; the renovated rooms are then considered net completions in the subsequent quarter in which they are returned to the market. Net completions data is expressed in square feet for all the property types except apartment, which is expressed in units, and hotel, which is expressed in rooms.

STOCK: The total stock of rentable space, both vacant and occupied. PPR’s stock time series are estimated by taking a benchmark of building inventory and adjusting for completed space. The benchmark estimates are developed from various sources, both public and private, including those from the Department of Energy, the U.S. Census Bureau, and various brokerage firms. The benchmark is then analyzed vis-à-vis other economic indicators of market size, such as office employment, retail sales, households, population, etc., so that the level of stock relative to demand is within a reasonable range.

RENT: PPR uses a variety of brokerage sources and NREI for apartment, office, retail, and warehouse rents. For apartment and office properties, rents measure gross asking rents; retail rents measure gross asking rents on neighborhood centers; and warehouse rents measure triple net asking rents. Smith Travel Research is the source used for hotel room rates. The rent data for all property types are expressed in an index format with a level of 100 at the 4th quarter of 1997.

HOTEL OCCUPANCY RATE: The percentage of hotel rooms that are occupied on a yearly basis, or rooms sold divided by rooms available. The annual occupancy data is expressed as a four-quarter moving average. Smith Travel Research is the primary source.

HOTEL ROOM RATE: The room revenue divided by rooms sold. The annual data is reported as a four-quarter annual average, and is expressed in an index format with a level of 100 at the 4th quarter of 1997. Smith Travel Research is the primary data source.

HOTEL REVPAR (Revenue per available room): Designed to measure a property’s revenue productivity, blending both the occupancy rate and the average daily room rate. However, because the occupancy rate is a smoothed series, RevPAR will not be a simple function of room rate multiplied by the occupancy series. The annual data reported is a four quarter annual average, and is expressed in an index format with a level of 100 at the 4th quarter of 1997. Smith Travel Research is the primary data source.

DATA SOURCES:

Economic Data:

Economy.com
U.S. Census Bureau
Property & Portfolio Research, Inc.

Rents:

Various local sources
U.S. Census Bureau

Construction and Room Supply Data:

Property & Portfolio Research, Inc.
Reed Construction
Smith Travel Research
Various sources

Occupancy and Vacancy Rates:

Property & Portfolio Research, Inc.
U.S. Department of Commerce
Smith Travel Research
Various brokerage sources

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