Overall Comments

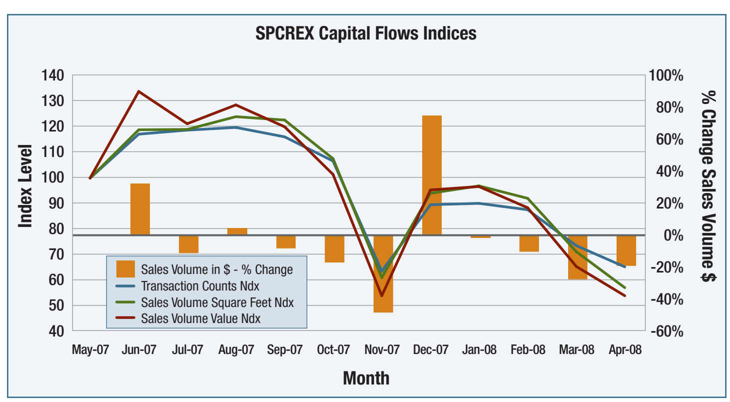
Recent trends across most indices show, YOY appreciation rate deceleration reflected in this most recent phase of the commercial real estate cycle, was quicker and steeper then that experienced during the 1999 to 2002 period. Over the past 12 months, deceleration in index appreciation rates has coincided with the deceleration in non-farm employment growth and employment rates. Commercial real estate fundamentals are holding up; however, major metro area-property sectors are experiencing lower transaction volumes and price appreciation, occupancy and rental growth rates.

- As of April 2008, Year-Over-Year (YOY) percent change in SPCREX™ index levels continued to decelerate rapidly for all sectors and regions, except for the Midwest index.
- The national index YOY price appreciation rate dropped to 3.1% in April, the lowest since 3.2% in July 2003 and 2.7% in December 2002, and down from a high of 14.7% in August 2006. YOY the Desert Mountain West (-0.2%) index has been negative for the past two periods.
- From March to April, indices with the largest deceleration in YOY percent change were Pacific West (to 6.9%), down 340 basis points (bps); followed by Mid-Atlantic South (1.9%), the Nation (3.1%), and Northeast (0.8%), and Apartments (5.7%), Office (0.3%), and Retail (2.1%). All indices dropped roughly 200 bps, on average.
- From March to April 2008, the largest period-to-period percent drop in index levels were concentrated in the Pacific West (-2.6%), Apartments (-2.3%), Mid-Atlantic South (-2.2%), National (-0.9%), and Retail (-0.2%) indices. The Midwest showed the largest uptick for the period (1.3%), followed by Office (0.5%), Desert Mountain West (0.5%) and Northeast (0.3%).
- Apartment sector YOY appreciation rates improved from -2.7% in September 2007 to 7.7% March 2008, but dropped to 5.7% in April. Office YOY appreciation rates decelerated significantly from its peak of 18.8% in March 2007 to 0.3% in April 2008, the lowest since 1.6% in October 2004 and 1.4% in August 2003. The retail property sector YOY appreciation rates dropped to 2.1% in April, the lowest since October 2001, and down from its high of 15.1% in June 2007; and warehouse averaged 4.8% as of April, the lowest since 4.7% in May 2004, down from a high of 11.3% in May 2007.
- As of April 2008, of all the regional indices, YOY appreciation rates have held up the best for the Pacific West at 6.9% and the Midwest at 4.6%. YOY appreciation rates dropped significantly for the Northeast to 0.8%, the lowest since 0.3% in July 2003, and from a high of 19.9% in August 2006. The Desert Mountain West dropped to -0.2% YOY for both March and April, the lowest since -0.9% in December 2002, and off from its high of 18.1% in March 2007. The Mid-Atlantic South has averaged 1.3% YOY per month since June 2007, the lowest since 2.5% in 2Q2002, and down from a high of 18.3% in May 2006.
- Deterioration in employment conditions reflect job losses in the construction, financial-professional-business services and retail sectors; concentrated in the Desert Mountain West (Phoenix, Tucson and Las Vegas), Mid-Atlantic South - Florida (Miami-Ft. Lauderdale, Tampa-St. Petersburg and Jacksonville), Pacific West - Southern California (Los Angeles-Orange County and Riverside-San Bernardino), and Midwest – Other (Detroit and Cleveland) regions.

SPCREX Capital Flows Index

SPCREX Capital Flows Indices measure the period-to-period change in volume of closed transactions over the rolling three month period. For example, the April period includes closed transactions from February, March and April.

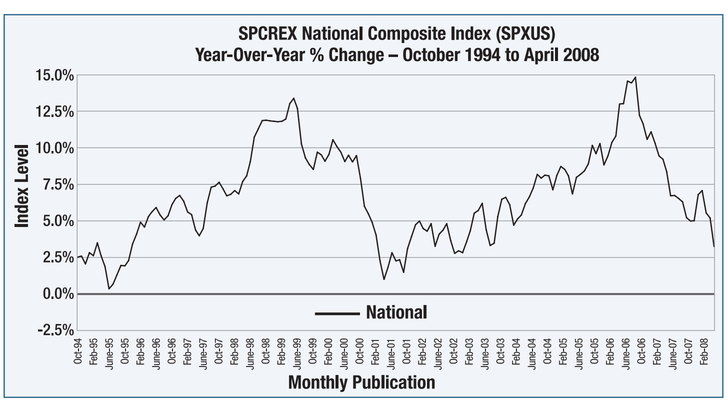
- From August 2007 to April 2008, transactions counts, and volume measured in total sales value, and square feet dropped 45%, 58% and 54%, respectively. In April, negative percent change in transaction sales volumes slowed in comparison to March.
- Over the past seven months, total high-end Class A transaction counts dropped 46% and total Class A transaction counts dropped 50%.



SPCREX National Composite Index (SPXCUS)

April's period-to-period drop (-0.9%) in the SPCREX National Composite Index (SPXCUS) is similar to that experienced in September 2007 (-0.8%), and September (-0.6%), March (-0.7%) and February (-0.6%) of 2002. April transactions volumes continued to decline; however, at a slower pace. The April published number includes closed transactions from February, March and April, and do not include upward—tax related—seasonal influences from December and January.

- **The drop in the SPCREX National Composite Index was driven by price declines concentrated in the:**
  - Pacific West-Southern California Apartments, Retail, and Warehouse;
  - Mid-Atlantic-Atlanta Office and Apartments;
  - Northeast–Washington-Baltimore-Richmond-Philadelphia Office and Warehouse;
  - Mid-Atlantic–South-Florida Apartments and Warehouse;
  - Northeast-New York-Boston Apartments and Retail;
  - Pacific West-Northern California Office;
  - Desert Mountain West Retail and Warehouse;
  - Pacific West-Seattle-Portland Retail.
- **Upward price movements were limited to:**
  - Northeast -New York-Boston Office;
  - Pacific West–Seattle-Portland Apartments and Warehouse;
  - Midwest-Other Office, Warehouse, Retail and Apartments;
  - Pacific West-Southern California Office;
  - Desert Mountain West Apartments and Office;
  - Midwest-Chicago Apartments, Office and Retail;
  - Pacific West-Northern California Warehouse;
  - Mid-Atlantic-Atlanta Warehouse;
  - Mid-Atlantic-South-Florida Office;
  - Northeast – Washington-Baltimore-Richmond-Philadelphia Apartments.
- For the March to April period, index movements were mixed with downward movements in the Pacific West, Mid-Atlantic South, National, Apartment and Retail indices; and upward movements in the Midwest, Desert Mountain West, Northeast, Warehouse and Office indices.
- The national index peaked in August of 2007 at 150.74, dropped 1.3% to 148.69 in November 2007, and is up only 0.4% from November to 149.29 as of April 2008.
- Annual YOY appreciation rates for the National Composite Index peaked at 14.7% in August 2006, decelerated to 4.9% as of November 2007, and now stand at 3.1% as of April 2008.
- Recent trends in the national composite index show a YOY deceleration in appreciation rates steeper then that experienced in the 1999 to 2001 period, dropping 1160 bps over 20 months (58 bps per month), from 14.7%-peak (August 2006) to 3.1%-trough (April 2008); compared to 1240 bps over 23 months (54 bps per month), from 13.3% (May 1999) to 0.9% (April 2001).

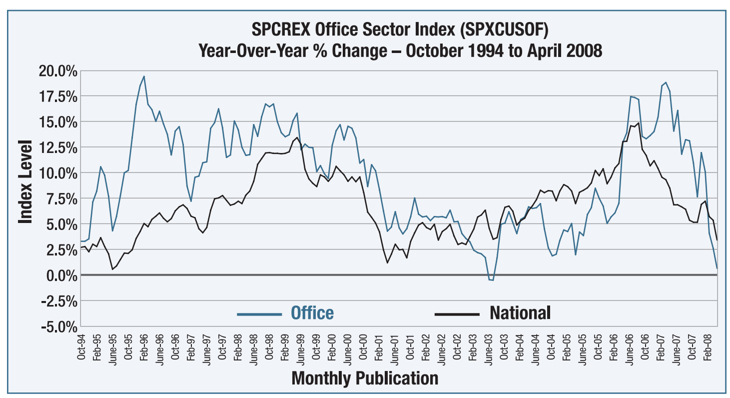


- Since October 2003, monthly YOY percent change in the National Composite Index averaged 6.7%, with a standard deviation of 3.2%, giving the National Composite Index a return-to-risk ratio of 2.1x, the highest for all indices.

Office Sector Index (SPXCUSOF)

April's slight upward movement in the SPCREX Office Sector Index (SPXCUSOF) was driven by price changes concentrated in Northeast – New York-Boston, Midwest – Chicago - Other, Pacific West – Southern California and Pacific Northwest, Mid-Atlantic South – Florida, and Desert Mountain West; and offset somewhat by downward movements in Pacific West – Northern California, Northeast – Washington – Baltimore – Richmond – Philadelphia, and Mid-Atlantic South - Atlanta.

- The office index peaked in August of 2007 at 152.94 and dropped 5.2% to 144.92 in November 2007. The office index is up 1.3% since November 2007 to 146.80 in April 2008.
- Recent trends in annual YOY appreciation rates for the office index show that it peaked at 18.8% in March 2007 and decelerated to 7.5% as of November 2007. The index YOY change rose to 11.5% as of December 2007 and dropped rapidly to 0.3% in April 2008, the lowest since 1.6% in October 2004 and 1.4% in August 2003.
- Office YOY appreciation rate deceleration reflected in this most recent down cycle is steeper then that experienced during the 2000 to 2001 period, dropping 1850 bps over 13 months (142 bps per month), from 18.8%-peak (March 2007) to 0.3%-trough (April 2008); compared to 1740 bps over 55 months (32 bps per month), from 16.6% (November 1998) to -0.8% (June 2003).
- Since October 2003, monthly YOY percent change in the office index averaged 9.3%, with a standard deviation of 5.0%, the most volatile of all property sector indices, giving the office index a return-to-risk ratio of 1.9x, second to the national index at 2.1x.



The Office sector continues to experience deceleration in rental growth rates and higher vacancy rates in most major metropolitan areas. Of the top markets surveyed, the majority are showing vacancy rates below their long run structural levels, and rental growth rates remain well above local inflation rates, indicating relative balance between supply (existing space available and new construction) and demand (net absorption or period-to-period change in occupied space).

For the nation, the value of new office construction put in place is up 3.3% from its previous peak of $69.8 billion in October 2007 to $72.1 billion in April 2008 (Source: U.S. Census). From June 2007 to April 2008, employment (seasonally adjusted) in the financial activities sector dropped from 8.32 million to 8.23 million; losing a total of 88,000 jobs (-1.1%), -39,000 from real estate and -49,000 from finance and insurance sectors. (Source: Bureau of Labor Statistics).

Metros showing the best commercial market fundamentals are Boston, New York, San Francisco, Washington, Seattle, Chicago, and Miami. According to CB Richard Ellis Research, as of 1Q08, office YOY rent growth and vacancy rates in major markets were:

Office Rents (YOY % Change)	Q4 07	Q1 08
Boston	35.4%	30.5%
Manhattan (DT & MT)	20.5%	23.6%
San Francisco	28.3%	20.2%
Average	**17.2%**	**14.4%**
Chicago	14.3%	14.4%
Seattle	16.0%	14.1%
Miami	9.9%	12.7%
Washington	10.2%	11.4%
Los Angeles	23.4%	9.9%
Atlanta	6.2%	4.6%
Phoenix	7.5%	2.7%

Source: CBRE Research Reports

Office Vacancy	Q4 07	Q1 08
Boston	6.0%	5.8%
New York (DT & MT)	4.7%	6.7%
Washington	6.6%	6.8%
Miami	7.0%	8.0%
San Francisco	8.4%	8.7%
Los Angeles	9.2%	9.2%
Average	**9.7%**	**10.1%**
Seattle	10.9%	10.6%
Chicago	11.3%	11.4%
Phoenix	13.9%	14.9%
Atlanta	19.1%	19.3%

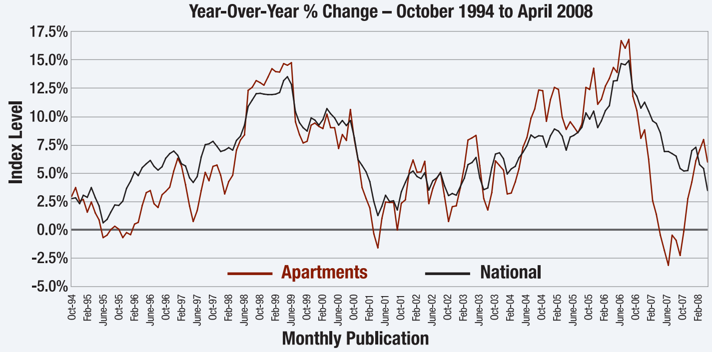
www.cbre.com

Apartment Sector Index (SPXCUSAP)

In April, the SPCREX Apartment Sector Index (SPXCUSAP) dropped significantly from downward price movements in Pacific West – Southern California, Mid-Atlantic South – Florida – Atlanta, and Northeast – New York – Boston; and offset somewhat by price increases in Pacific West – Seattle – Portland, Desert Mountain West, Midwest – Chicago – Other, and Northeast Washington – Baltimore – Richmond – Philadelphia.

- Recent trends in the apartment index show that it peaked in September of 2006 at 145.83 and dropped 6.4% through April of 2007 to 136.52. The apartment index exceeded its previous peak in November of 2007 at 145.85, and is up just 0.5% from 143.57 in August 2007 to 144.26 as of April 2008.
- Annual YOY appreciation/depreciation rates for the apartment index peaked at 16.6% in August 2006, decelerated to -3.5% in June 2007, recovered to 7.7% as of March 2008, before decelerating to 5.7% in April 2008.
- YOY appreciation rate deceleration reflected in this most recent down cycle was steeper then that experienced during the 1999 to 2001 period, dropping 2010 bps over 16 months (126 bps per month), from 16.6%-peak (August 2006) to -3.5%-trough (June 2007); compared to 1660 bps over 22 months (75 bps per month), from 14.6% (June 1999) to -2.0% (April 2001).
- Since October 2003, monthly YOY percent change in the apartment index averaged 5.8%, with a standard deviation of 4.7%, giving the apartment index a return-to-risk ratio of 1.2x, the lowest of the four property sectors after Retail at 1.3x.

SPCREX Apartment Sector Index (SPXCUSAP)
Year-Over-Year % Change – October 1994 to April 2008



Apartment fundamentals are holding up relatively well, however, there seems to be some weakness reflected in recent index deceleration. Most major metropolitan areas are experiencing decelerating job growth, falling home prices and rising affordability. Even though physical vacancy rates in most metro areas remain at or below long run structural levels, rental growth rates, particularly for commodity markets, have started to slow. Most supply-constrained markets continue to show rental growth at or above local inflation rates.

On the supply side, supporting underlying fundamentals, the number of total multifamily units permitted was lower compared to a year ago. The seasonally adjusted annual number of 5+ unit communities permitted totaled 295,000 units in April 2008, down 15.7% or 55,000 units from 350,000 units issued in April 2007. Although levels are down compared to a year ago, April saw the first uptick in permits since November 2007 (Source: U.S. Census).

In April 2008, monthly annualized existing home sales totaled 4.89 million units, down 17.5% or 1.04 million units from 5.93 million units in April 2007; and U.S. existing home prices dropped 8.5% in April to $201,200 from April 2007 average of $219,900. Since 2007, U.S. housing affordability index rose 16.8% to 130.6 in April 2008 (Source: National Association of Realtors).

Markets showing the best apartment market fundamentals are San Francisco, Seattle, New York, Washington and Chicago.

According to M/PF YieldStar, as of 1Q08, apartment YOY rent growth and vacancy rates in major markets were as follows:

Apartment Rents (YOY % Change)	Q4 07	Q1 08
San Francisco	11.8%	13.3%
Seattle	8.2%	8.4%
Average	**4.2%**	**5.1%**
New York	2.8%	5.1%
Chicago	3.9%	4.9%
Washington	3.7%	4.0%
Los Angeles	3.2%	2.8%
Boston	2.6%	2.6%
Miami	2.4%	2.4%
Atlanta	2.4%	2.0%
Phoenix	0.7%	-0.5%

Source: M/PF YieldStar

Apartment Vacancy	Q4 07	Q1 08
New York	2.6%	3.5%
Miami	3.1%	4.0%
Seattle	3.7%	4.1%
San Francisco	4.3%	4.3%
Los Angeles	3.1%	4.9%
Washington	3.8%	4.9%
Boston	4.0%	5.1%
Average	**4.3%**	**5.3%**
Chicago	4.7%	5.7%
Phoenix	7.5%	8.0%
Atlanta	6.2%	8.1%

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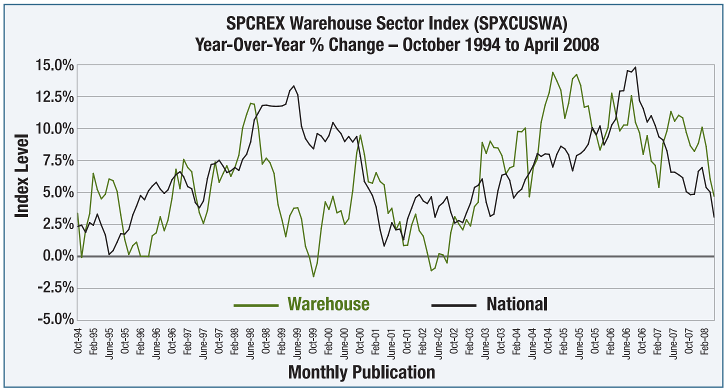
Warehouse Sector Index (SPXCUSWA)

April's slight upward movement in the SPCREX Warehouse Sector Index (SPXCUSWA) was driven by price changes concentrated in Pacific West – Northern California and Pacific Northwest, Midwest – Other, and Mid-Atlantic South – Atlanta; and offset by downward movements in Mid-Atlantic South – Florida, Pacific West – Southern California, Northeast – Washington – Baltimore – Philadelphia and New York – Boston, Desert Mountain West – Phoenix – Las Vegas – Denver, and Midwest – Chicago.

- The warehouse index peaked in August of 2007 at 161.65 and dropped 1.9% through December of 2007 to 158.74. The warehouse index rose 2.8% from 157.86 in October 2007 to 162.23 in April 2008.
- Recent trends in the warehouse index show that annual YOY appreciation rates peaked at 14.2% in May 2005, decelerated to 8.0% in October 2006 and recovered to 11.3% in May 2007, before decelerating to 8.2% as of November 2007.
- YOY appreciation rate deceleration reflected in this most recent down cycle is more gradual then that experienced during the

1998 to 1999 and 2000 to 2002 periods. Dropping 940 bps over 35 months (27 bps per month), from 14.2%-peak (May 2005) to 4.8%-trough (April 2008); compared to 1330 bps over 15 months (89 bps per month), from 11.9% (July 1998) to -1.4% (October 1999); and 1050 bps over 18 months (58 bps per month), from 9.5% (October 2000) to -1.0% (April 2002).

- Since October 2003, monthly YOY percent change in the warehouse index averaged 6.1%, with a standard deviation of 3.9%, the least volatile of the sector indices, giving the warehouse index a return-to-risk ratio of 1.6x, ranked third after the national and office indices.



Warehouse fundamentals are holding up for most import-export oriented metropolitan areas, even though overall economic activity has slowed significantly. Relative fundamentals are reflected in physical vacancy rates remaining at or below structural levels. However, industrial YOY rent growth for six of the top markets are now at or below local inflation rates.

Industrial production – durable consumer goods dropped 9.3% YOY as of April 2008 and 3.9% from March to April; this is the largest drop since January 2007, October 2006 and January through June 2001(Source: Federal Reserve); and national capacity utilization rates peaked at 81.4 in July of 2007 and have dropped to 79.6 as of April 2008, the lowest reading since October 2005 and December 2004 (Source: Federal Reserve).

Gross trade flows (balance of payments imports and exports combined) are up 16.3% to $292.1 billion YOY as of April 2008, and up 4.9% from March 2008, driven largely by exports due to a weak dollar exchange rate, making U.S. goods relatively cheep in the global markets (Source: U.S. Department of Commerce); and inventory-to-sales ratios are down from 1.28x in March 2007 to 1.25x as of April 2008, below the recent high of 1.31x in January 2007.

Markets showing the best industrial market fundamentals are Seattle, New York, San Francisco, Miami, and Los Angeles.

According to CoStar, as of 1Q08, industrial YOY rent growth and vacancy rates in major markets were:

Industrial Rents (YOY % Change)	Q4 07	Q1 08
Seattle	10.0%	14.5%
New York	3.1%	12.1%
Miami	10.0%	7.8%
San Francisco	6.5%	7.0%
Average	**4.6%**	**5.3%**
Los Angeles	10.3%	4.2%
Washington	2.0%	3.1%
Chicago	2.4%	1.9%
Atlanta	0.2%	1.7%
Boston	-2.0%	1.5%
Phoenix	3.9%	-0.5%

Source: CoStar Research Reports

Industrial Vacancy	Q4 07	Q1 08
Los Angeles	3.1%	3.1%
San Francisco	4.1%	4.3%
New York	8.1%	5.2%
Seattle	5.6%	5.3%
Miami	5.5%	6.2%
Average	**8.0%**	**7.9%**
Chicago	9.5%	9.8%
Washington	10.0%	10.4%
Phoenix	9.9%	11.1%
Atlanta	11.2%	11.4%
Boston	12.5%	12.6%

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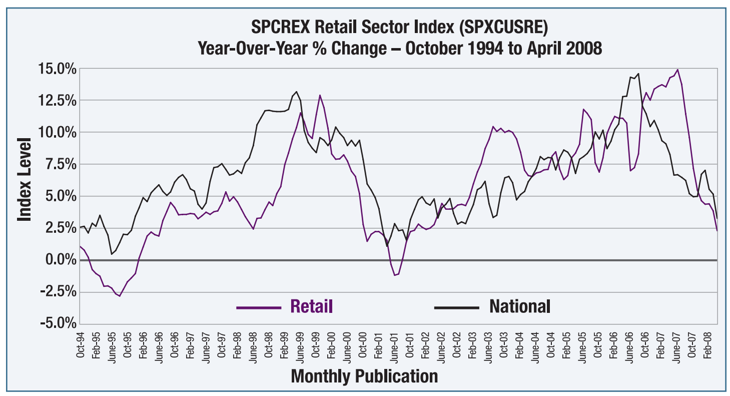
Retail Sector Index (SPXCUSRE)

April's slight downward movement in the SPCREX Retail Sector Index (SPXCUSRE) was driven by price changes concentrated in Northeast – New York – Boston, Pacific West – Southern California – Pacific Northwest, and Desert Mountain West; and offset by upward movements in Midwest – Chicago – Other, Pacific West – Northern California, and Mid-Atlantic South – Florida.

- The retail index peaked in June of 2007 at 161.80 and dropped 2.0% through November of 2007 to 158.55. Since November 2007, the retail index rose 1.9% to 161.61 as of April 2008.
- Recent trends in the retail index show that annual YOY appreciation rates peaked at 14.2% in May 2005, decelerated to 8.0% in October 2006 and recovered to 11.3% in May 2007, before decelerating to 2.1% as of April 2008. The last time YOY appreciation rates were this low was October 2001.
- YOY appreciation rate deceleration reflected in this most recent down cycle is steeper then that experienced during the 1999 to 2001 period, dropping 1300 bps over 10 months (130 bps per month), from 15.1%-peak (June 2007) to 2.1%-trough (April 2008); compared to 1470 bps over 19 months (77 bps per month), from 13.3% (November 1999) to -1.4% (June 2001).
- Since October 2003, monthly YOY percent change in the retail index averaged 5.7%, with a standard deviation of 4.3%, giving the retail index a return-to-risk ratio of 1.3x, one of the lowest for the sector indices.



Retail fundamentals are holding up relatively well for most major metropolitan areas; however, as reported by national retailers that are publicly held, 4,603 stores were closed in 2007, and closings are up 25% year-over-year in 2008 (Source: International Council of Shopping Centers). Physical vacancy rates are rising and rental growth rates are slowing.

Retail sales (including food) peaked at $182.1 billion in May of 2007 and dropped 2.0% to $178.5 billion as of April 2008. YOY change in retail sales has been negative for the past five months, an average of -1.0% per month; this is the worst series of negative performance since the December 2000 through April 2001 period, averaging – 0.9% per month (Source: Federal Reserve). YOY as of April, the retail trade sector lost over 124,000 jobs (Source: Department of Labor).

As of April 2008, commercial construction put-in-place (retail and warehouse) totaled $85.5 billion, down 2.5% from $87.7 billion in October 2007 (Source: U.S. Census). Since November of 2007, consumer prices (CPI) have been rising at an annualized rate of over 4.2% per month, the highest rate since the second quarter of 2006 and third quarter of 2005, but lower than personal income growth of 5.2%, for this same time period (Sources: Departments of Labor and Commerce).

Markets showing the best retail market fundamentals are New York, Miami, Los Angeles, Seattle, Phoenix and Miami.

According to CoStar, as of 1Q08, retail YOY rent growth and vacancy rates in major markets were:

Retail Rents (YOY % Change)	Q4 07	Q1 08
New York	31.4%	23.0%
Seattle	5.8%	9.0%
Miami	18.3%	8.8%
Los Angeles	14.4%	8.7%
Phoenix	8.7%	5.8%
Average	**9.2%**	**5.8%**
Chicago	3.4%	2.4%
Boston	0.7%	2.3%
Atlanta	8.2%	1.4%
San Francisco	-2.9%	1.1%
Washington	4.4%	-4.5%

Source: CoStar Research Reports

Retail Vacancy	Q4 07	Q1 08
San Francisco	2.9%	3.0%
Los Angeles	3.1%	3.1%
New York	4.6%	3.6%
Miami	3.6%	3.7%
Washington	3.4%	3.8%
Seattle	4.0%	4.2%
Average	**5.0%**	**5.1%**
Boston	6.2%	5.3%
Phoenix	6.3%	7.0%
Chicago	7.8%	8.4%
Atlanta	8.4%	8.5%

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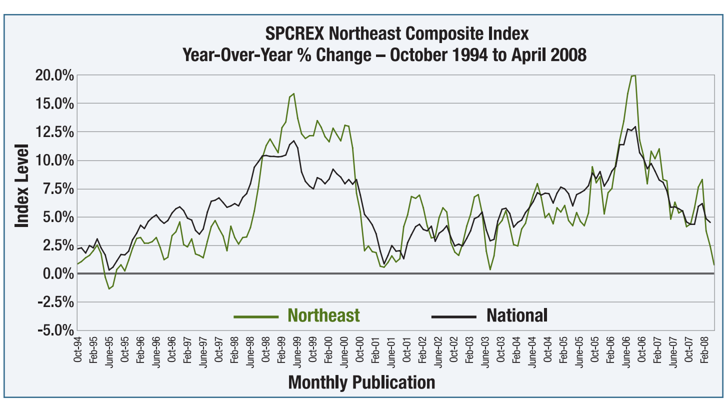
Northeast Regional Index (SPXCUSNE)

April's slight upward movement in the SPCREX Northeast Regional Index (SPXCUSNE) was driven by price changes concentrated in New York – Boston Office and Washington-Baltimore-Richmond-Philadelphia Apartments; and offset by downward movements in Washington – Baltimore – Richmond - Philadelphia Office and Warehouse and New York – Boston Apartments and Retail.

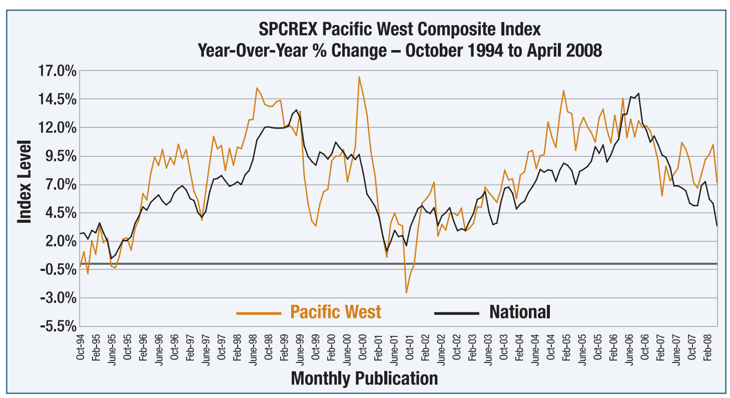
- The Northeast index peaked in August of 2007 at 150.36 and dropped 3.6% to 144.90 in April 2008.
- Recent trends in annual YOY appreciation rates for the Northeast index show that it peaked at 19.9% in August 2006 and decelerated to 4.7% as of September 2007. The index YOY change rose to 9.4% as of January 2008 and slowed to 0.8% in April 2008, the lowest since 0.3% in July 2003.
- YOY appreciation rate deceleration reflected in this most recent down cycle is steeper then that experienced during the 1998 to 2001 period, dropping 1910 bps over 20 months (96 bps per month), from 19.9%-peak (August 2006) to 0.8%-trough (April 2008); compared to 1740 bps over 23 months (76 bps per month), from 18.0% (May 1999) to 0.6% (April 2001).
- Since October 2003, monthly YOY percent change in the Northeast index averaged 6.5%, with a standard deviation of 4.8%, the most volatile of all regional indices, giving the index a return-to-risk ratio of 1.3x, the lowest of all regional indices.



Pacific West Regional Index (SPXCUSPW)

April's significant downward movement in the SPCREX Pacific West Regional Index (SPXCUSPW) was driven by price changes concentrated in Los Angeles – Orange County – Riverside – San Bernardino – San Diego (Southern California) Apartments, Retail and Warehouse and San Francisco – Oakland – San Jose – Sacramento (Northern California) Office; and offset somewhat by upward movements in Seattle-Portland (Pacific Northwest) Apartments and Warehouse, Southern California Office and Northern California Warehouse and Retail.

- Recent trends in the Pacific West index show that it peaked in December of 2006 at 152.88 and dropped 2.3% through February of 2007 to 149.5. The Pacific West index exceeded its previous peak in June of 2007 at 156.64 and is up 3.5% YOY to 162.05 as of April 2008.
- Annual YOY appreciation rates for the Pacific West index peaked at 14.3% in April 2006, decelerated to 5.8% in February 2007, recovered to 10.4% in July 2007 and 10.3% in March 2008, and dropped to 6.9% in April 2008, the lowest since October (6.9%) and February 2007 (5.8%)and September 2003 (6.3%).
- The slope and volatility of returns in the current decline phase of the Pacific West commercial real estate cycle was significantly less than that experienced in the prior cycle, dropping 920 bps over 25 months (37 bps per month), from 15.0%-peak (January 2005) to 5.8%-trough (February 2007); compared to 1900 bps over 12 months (158 bps per month), from 16.2% (September 2000) to -2.8% (September 2001).
- Since October 2003, monthly YOY percent change in the Pacific West index averaged 7.7%, with a standard deviation of 4.1%, giving the Pacific West index a return-to-risk ratio of 1.9x, the highest of the regional indices and slightly below the nation index at 2.1x.

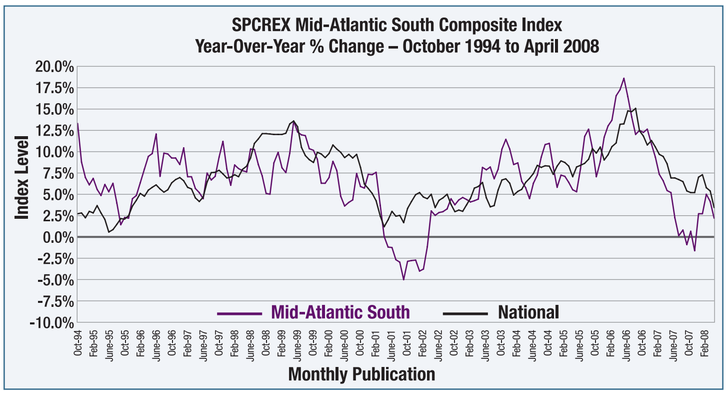


Mid-Atlantic South Regional Index (SPXCUSMS)

April's significant downward movement in the Mid-Atlantic South Regional Index (SPXCUSMS) was driven by price changes concentrated in Atlanta – Charlotte – Raleigh – Durham – Memphis – Nashville Office and Apartments, and Miami-Ft. Lauderdale-Jacksonville-Orlando-Tampa Bay-St. Petersburg Apartments and Warehouse; and offset somewhat by upward movements in Atlanta – Charlotte – Raleigh – Durham – Memphis – Nashville Warehouse, and Miami-Ft. Lauderdale-Jacksonville-Orlando-Tampa Bay-St. Petersburg Office and Retail.

- The Mid-Atlantic South index peaked in September of 2006 at 152.45 and dropped 3.6% through February of 2007 to 147.04. From February 2007 to April 2008, the Mid-Atlantic South index rose 2.3% to 150.44.

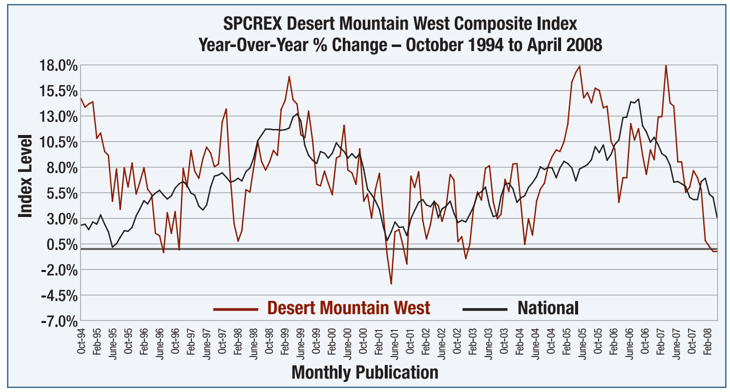
- Recent trends in the Mid-Atlantic South index show that annual YOY appreciation rates peaked at 18.3% in May 2006, decelerated to -1.9% in November 2007, recovered somewhat to 3.9% as of March 2007 before falling to 1.9% as of April 2008, the lowest since 2.5% in 2Q2002.
- YOY appreciation rate deceleration reflected in this most recent down cycle was steeper then that experienced during the 1999 to 2001 period, dropping 2020 bps over 18 months (112 bps per month), from 18.3%-peak (May 2006) to -1.9%-trough (November 2007); compared to 1860 bps over 33 months (56 bps per month), from 13.3% (May 1999) to -5.3% (September 2001).
- Since October 2003, monthly YOY percent change in the Mid-Atlantic South index averaged 6.4%, with a standard deviation of 4.3%, the least volatile of the sector indices, giving the index a return-to-risk ratio of 1.5x, ranked the second lowest regional index after the Northeast.



Desert Mountain West Regional Index (SPXCUSDM)

April's slight upward movement in the Desert Mountain West Regional Index (SPXCUSDM) was driven by price changes concentrated in Phoenix – Tucson – Las Vegas – Denver –Boulder Apartments and Office and offset by downward movements in Retail and Warehouse.

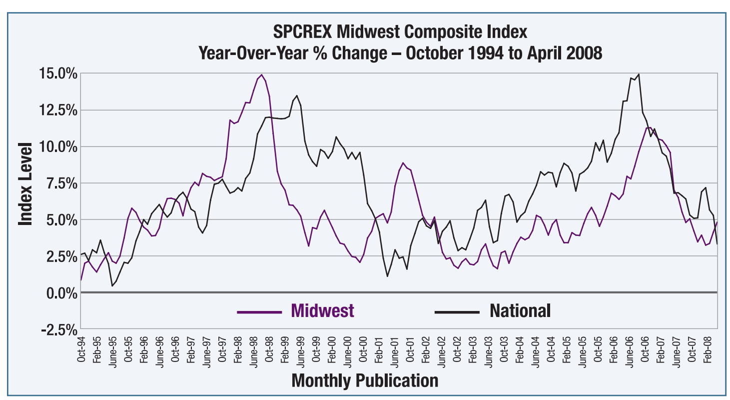
- The Desert Mountain West index peaked in July of 2007 at 154.77, dropped 1.8% in August 2007 to 151.99 and recovered 2.9% to 156.33 in November 2007. Since November 2007, the Desert Mountain West index dropped 2.1% to 153.06 as of April 2008.
- Recent trends in the Desert Mountain West index show that annual YOY appreciation rates peaked at 17.9% in May 2005 and again at 18.1% in March 2007. YOY appreciation rates have decelerated to -0.2% as of April 2008, levels not seen since the -0.9% reached in December of 2002.
- Volatility in amplitude during the current market cycle is significantly more than that experienced in the prior cycle. YOY appreciation rate deceleration reflected in this most recent down cycle is steeper then that experienced during the 1999 to 2001, and 2005 to 2006 periods. Dropping 1830 bps over 13 months (141 bps per month), from 18.1%-peak (March 2007) to -0.2%-trough (April 2008); compared to 2020 bps over 26 months (78 bps per month), from 16.9% (March 1999) to -3.3% (May 2001); and 1320 bps over 10 months (132 bps per month), from 17.9% (May 2005) to 4.7% (March 2006).
- Since October 2003, monthly YOY percent change in the Desert Mountain West index averaged 7.5%, with a standard deviation of 4.6%, second highest next to the Northeast, gives the index a return-to-risk ratio of 1.6x.



Midwest Regional Index (SPXCUSMW)

April's Midwest Regional Index (SPXCUSMW) level was up, driven by price changes concentrated in Cincinnati – Cleveland – Columbus – Detroit – Kansas City Office, Warehouse, Retail and Apartments, and Chicago Apartments, Office and Retail; and offset slightly by downward movements in Chicago Warehouse.

- The Midwest index peaked in April of 2007 at 128.01 and dropped 0.4% in May 2007 to 127.5. Since May 2007, the Midwest index rose 5.0% to 133.93 as of April 2008.
- Recent trends in the Midwest index show that annual YOY appreciation rates peaked at 11.1% in October 2006, decelerated to 3.0% in January 2008, and recovered to 4.6% in April 2008. Midwest YOY appreciation rates have consistently under performed the national index, except for the 2001 and 1997-1998 periods.
- YOY appreciation rate deceleration reflected in this most recent down cycle was steeper then that experienced during the 1998 to 2000 and 2001 to 2003 periods. Dropping 810 bps over 15 months (54 bps per month), from 11.1%-peak (October 2006) to 3.0%-trough (January 2008). Compared to 720 bps over 14 months (51 bps per month), from 8.7% (August 2001) to 1.5% (October 2002); and 1280 bps over 25 months (51 bps per month), from 14.7% (August 1998) to 1.9% (September 2000).
- Since October 2003, monthly YOY percent change in the Midwest index averaged 5.4%, with a standard deviation of 3.1%, giving the index a return-to-risk ratio of 1.8x.



Metro Group Employment Conditions

YOY as of April 2008, almost every metro group represented in the SPCREX index saw non-farm employment growth rates drop significantly compared to a year ago. Job losses concentrated in residential construction and financial activities were most severe in markets exposed to the housing down turn: Southern California (Los Angeles, Orange County and Riverside-San Bernardino) and Mid-Atlantic South – Florida (Miami-Ft. Lauderdale-Miami Beach and Tampa Bay-St. Petersburg-Clearwater).

Metro group labor markets showing significant deceleration in YOY job growth compared to this time last year were Mid-Atlantic South – Florida (Miami-Ft. Lauderdale-Miami Beach and Tampa Bay-St. Petersburg-Clearwater), 1.3% to -0.4%; Desert Mountain West (Phoenix-Mesa-Scottsdale, Tucson, Las Vegas-Paradise, and Denver-Aurora), 1.8% to 0.2%; and Pacific West – Pacific Northwest (Seattle-Tacoma-Bellevue and Portland-Vancouver-Beaverton), 2.8% to 1.7%. Metro groups experiencing negative job growth were Pacific West – Southern California (Los Angeles-Riverside-San Bernardino-San Diego) and Midwest – Other (Cincinnati-Cleveland-Columbus-Detroit-Kansas City).

Metro groups whose YOY employment growth rates remain positive compared to this time last year were Pacific West – Northern California and Pacific North West (San Francisco-Oakland-Fremont, San Jose-Sunnyvale-Santa Clara, and Sacramento-Arden-Arcade-Roseville-Seattle Portland), Northeast (New York-Boston, Washington-Arlington-Alexandria, Baltimore-Towson, Richmond, and Philadelphia-Camden-Wilmington), Mid-Atlantic South (Atlanta-Charlotte-Raleigh-Durham-Memphis-Nashville), Midwest – Chicago, and Desert Mountain West (Phoenix-Las Vegas-Denver).

According to the Bureau of Labor Statistics, YOY as of April 2007 vs. 2008, non-farm absolute and percent change, along with unemployment rates for the metro groups are:

Metro Groups	April 2007 Absolute Change YOY Non-Farm Employment	April 2008 Absolute Change YOY Non-Farm Employment	April 2007 YOY Percent Change Non-Farm Employment	April 2008 YOY Percent Change Non-Farm Employment	April 2007 Unemployment Rate	April 2008 Unemployment Rate
NE – New York-Boston	164,200	**77,300**	1.5%	**0.7%**	4.0%	**4.2%**
NE – Washington, Et.Al.	50,300	**56,500**	0.7%	**0.7%**	3.3%	**3.8%**
PW – Southern California	41,400	**-37,700**	0.5%	**-0.5%**	4.4%	**5.6%**
PW – Northern California	50,900	**29,900**	1.4%	**0.8%**	4.4%	**5.2%**
PW – Pacific North West	75,300	**47,200**	2.8%	**1.7%**	4.2%	**4.2%**
MAS – Atlanta, Et.Al.	138,800	**84,500**	2.6%	**1.5%**	4.0%	**4.8%**
MAS – Miami, Et.Al.	71,700	**-23,600**	1.3%	**-0.4%**	3.1%	**4.6%**
DMW – Phoenix, Et.Al.	93,900	**4,400**	2.1%	**0.1%**	3.8%	**4.3%**
MW – Chicago	37,600	**12,600**	0.8%	**0.3%**	4.7%	**5.3%**
MW – Other	-13,400	**-40,000**	-0.2%	**-0.7%**	5.6%	**5.6%**

Source: Bureau of Labor Statistics. www.bls.com

Metro Area Employment Conditions

Year-Over-Year (YOY) as of April 2008, the majority of major metropolitan areas saw a significant slowdown in non-farm employment growth rates, driven largely by layoffs in the construction and financial services sectors.

- Compared to this time last year, markets showing the largest deceleration in YOY employment growth rates were: Phoenix, Miami, San Francisco, Seattle, and Atlanta. As of April, markets showing negative employment growth rates were Miami, Los Angeles, and Phoenix; and those with the strongest growth rates were Seattle, Atlanta, Washington, and Boston.
- Although annual employment growth rates decelerated rapidly and unemployment rates rose, most major metropolitan areas continued to have unemployment rates at or below the natural rate (5%). Markets with unemployment rates above the natural rate were Los Angeles and Chicago, and markets showing the largest increase in unemployment were Miami, Los Angeles, and Atlanta.
- Actual unemployment rates remaining below or approaching the natural rate of unemployment, pushed personal income growth rates equal to or above local inflation rates over the past year. As of April 2008, U.S. personal income grew 4.8% YOY, on par with consumer prices, up 3.9% YOY, for this same time period.

According to the Bureau of Labor Statistics, YOY as of April 2007 vs. 2008, non-farm absolute and percent change, along with unemployment rates for the major markets are:

Major Metros	March 2007 Absolute Change YOY Non-Farm Employment	March 2008 Absolute Change YOY Non-Farm Employment	March 2007 YOY Percent Change Non-Farm Employment	March 2008 YOY Percent Change Non-Farm Employment	March 2007 Unemployment Rate	March 2008 Unemployment Rate
New York	131,400	**54,400**	1.6%	**0.6%**	3.9%	**4.4%**
Seattle	53,600	**34,000**	3.2%	**2.0%**	3.8%	**3.7%**
Atlanta	55,600	**29,200**	2.3%	**1.2%**	4.0%	**4.9%**
Washington	25,800	**28,200**	0.9%	**0.9%**	2.8%	**3.1%**
Boston	32,800	**22,900**	1.3%	**0.9%**	4.0%	**3.6%**
San Francisco	23,000	**18,700**	2.2%	**0.9%**	4.1%	**4.8%**
Chicago	37,600	**12,600**	0.8%	**0.3%**	4.7%	**5.3%**
Phoenix	31,200	**-3,000**	1.7%	**-0.2%**	3.2%	**3.2%**
Miami	24,100	**-11,100**	1.0%	**-0.5%**	3.1%	**4.5%**
Los Angeles	30,800	**-21,100**	0.6%	**-0.4%**	4.4%	**5.4%**

Source: Bureau of Labor Statistics. www.bls.com

Final Comments

Recent trends across most indices show, YOY appreciation rate deceleration reflected in this most recent phase of the commercial real estate cycle, was quicker and steeper then that experienced during the 1999 to 2002 period. Over the past 12 months, deceleration in index appreciation rates has coincided with the deceleration in non-farm employment growth and employment rates. Commercial real estate fundamentals are holding up; however, major metro area-property sectors are experiencing lower transaction volumes and price appreciation, occupancy and rental growth rates.

- Year-Over-Year (YOY) percent change in SPCREX™ index levels continued to decelerate rapidly for all sectors and regions, except for the Midwest index. The national index YOY price appreciation rate dropped to 3.1% in April, the lowest since 3.2% in July 2003 and 2.7% in December 2002, and down from a high of 14.7% in August 2006.
- Of all the regional indices, YOY appreciation rates have held up the best for the Pacific West and Midwest, but dropped significantly for the Northeast, Desert Mountain West and Mid-Atlantic South. YOY appreciation rates have improved for the Apartment sector and held up for the Warehouse sector, while Office and Retail rates decelerated significantly to their lowest since 2003-2004.
- From August 2007 to April 2008, transactions counts, and volume measured in total sales value and square feet dropped 45%, 58% and 54%, respectively; and over the past seven months, total high-end Class A transaction counts dropped 46% and total Class A transaction counts dropped 50%.

Job losses concentrated in residential construction and financial activities were most severe in markets exposed to the housing down turn. Metro group labor markets showing significant deceleration in YOY job growth compared to this time last year were Mid-Atlantic South – Florida, Desert Mountain West and Pacific West – Pacific Northwest. YOY as of April, metro groups experiencing negative job growth were Pacific West – Southern California and Midwest – Other; and positive job growth were Pacific West – Northern California and Pacific Northwest, Northeast - New York-Boston – Washington D.C., Mid-Atlantic South - Atlanta, Midwest – Chicago and Desert Mountain West.

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