

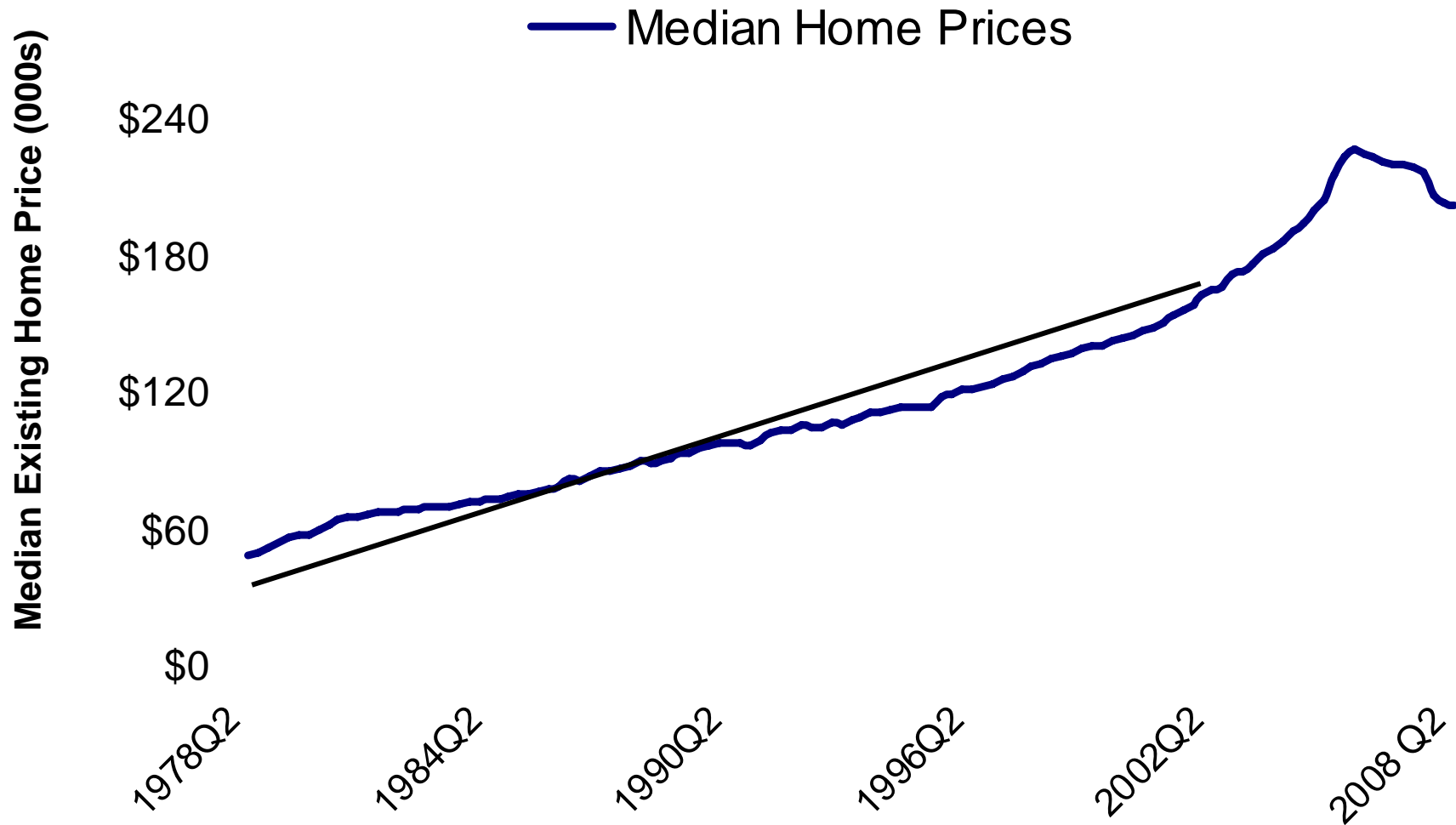


U.S and South Florida Economic and Real Estate

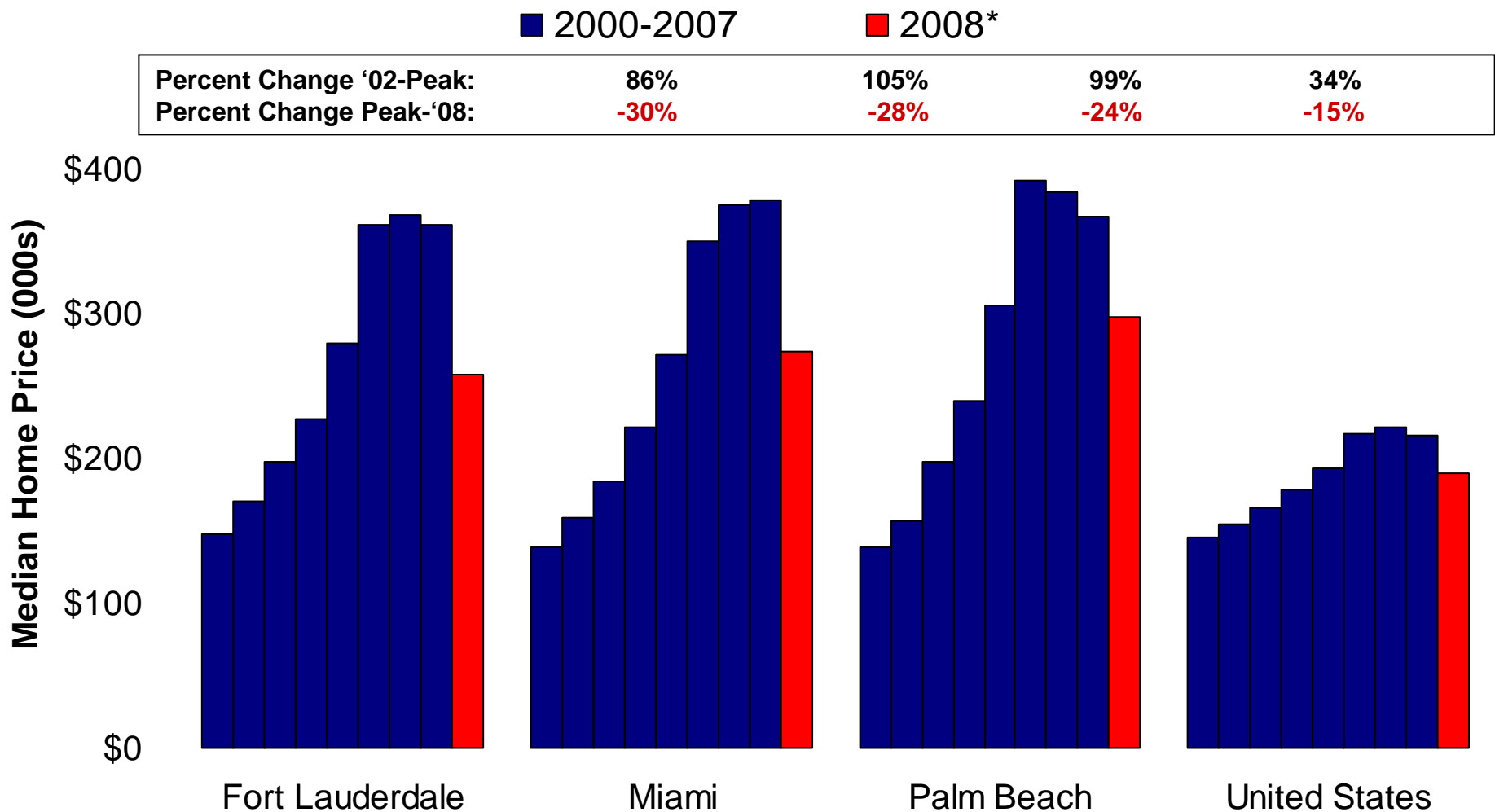
Overview and Outlook
October 28, 2008

Marcus & Millichap
Real Estate Investment Services

U.S. Existing Single-Family Home Price Have Yet to Reach Bottom



Home Price Variations Significant



* Through September

Sources: Marcus & Millichap Research Services, Economy.com, Florida Association of REALTORS®

Marcus & Millichap
Real Estate Investment Services

Home Prices Have Not Bottomed – Wide Variation Among Markets

Top 15 Markets	2Q03 – 2Q06	2Q06 – 2Q08
Inland Empire	102%	-34%
Orlando	90%	-17%
Miami	89%	-22%
Las Vegas	85%	-27%
Los Angeles	84%	-27%
Phoenix	82%	-26%
Fort Lauderdale	75%	-21%
West Palm Beach	74%	-18%
Baltimore	69%	-3%
Tucson	65%	-16%
Washington, D.C.	64%	-17%
Sacramento	63%	-40%
Orange County	59%	-25%
San Diego	56%	-40%
Seattle	55%	9%
United States	29%	-10%

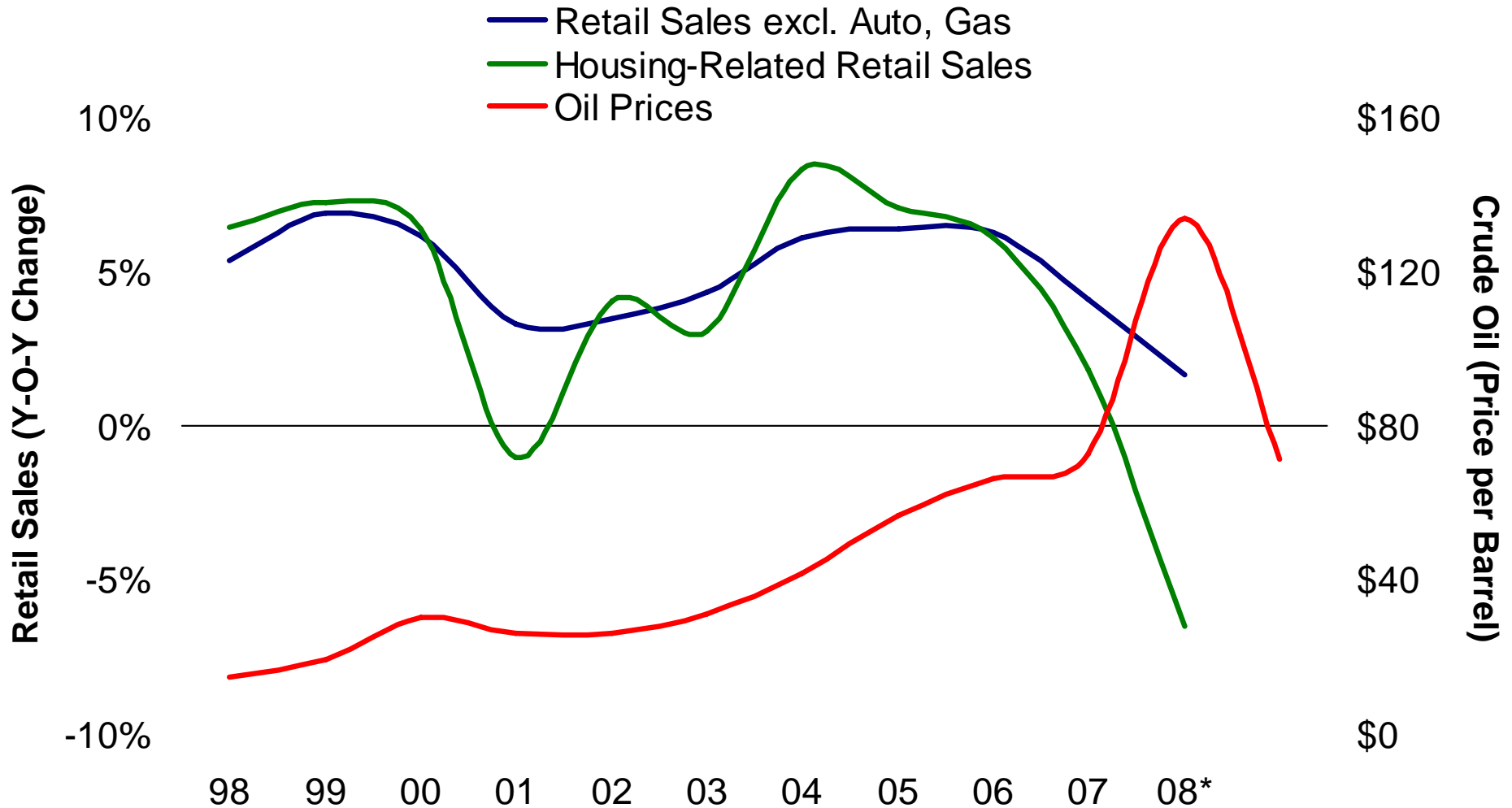
Bottom 15 Markets	2Q03 – 2Q06	2Q06 – 2Q08
Oklahoma City	15%	8%
Boston	14%	-13%
Austin	11%	11%
Houston	10%	3%
Kansas City	10%	-4%
Pittsburgh	9%	4%
Dallas-Ft. Worth	9%	-2%
Denver	8%	-12%
Memphis	6%	-9%
Cincinnati	5%	-5%
Louisville	3%	-1%
Columbus	3%	-5%
Indianapolis	3%	-5%
Cleveland	0%	-16%
Detroit	-9%	-14%
United States	29%	-10%

Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors

Home Foreclosures Ranking by State

Top 5 States	1/Every Housing Unit
Nevada	82
Florida	178
California	189
Arizona	201
Georgia	417
U.S. Average	475

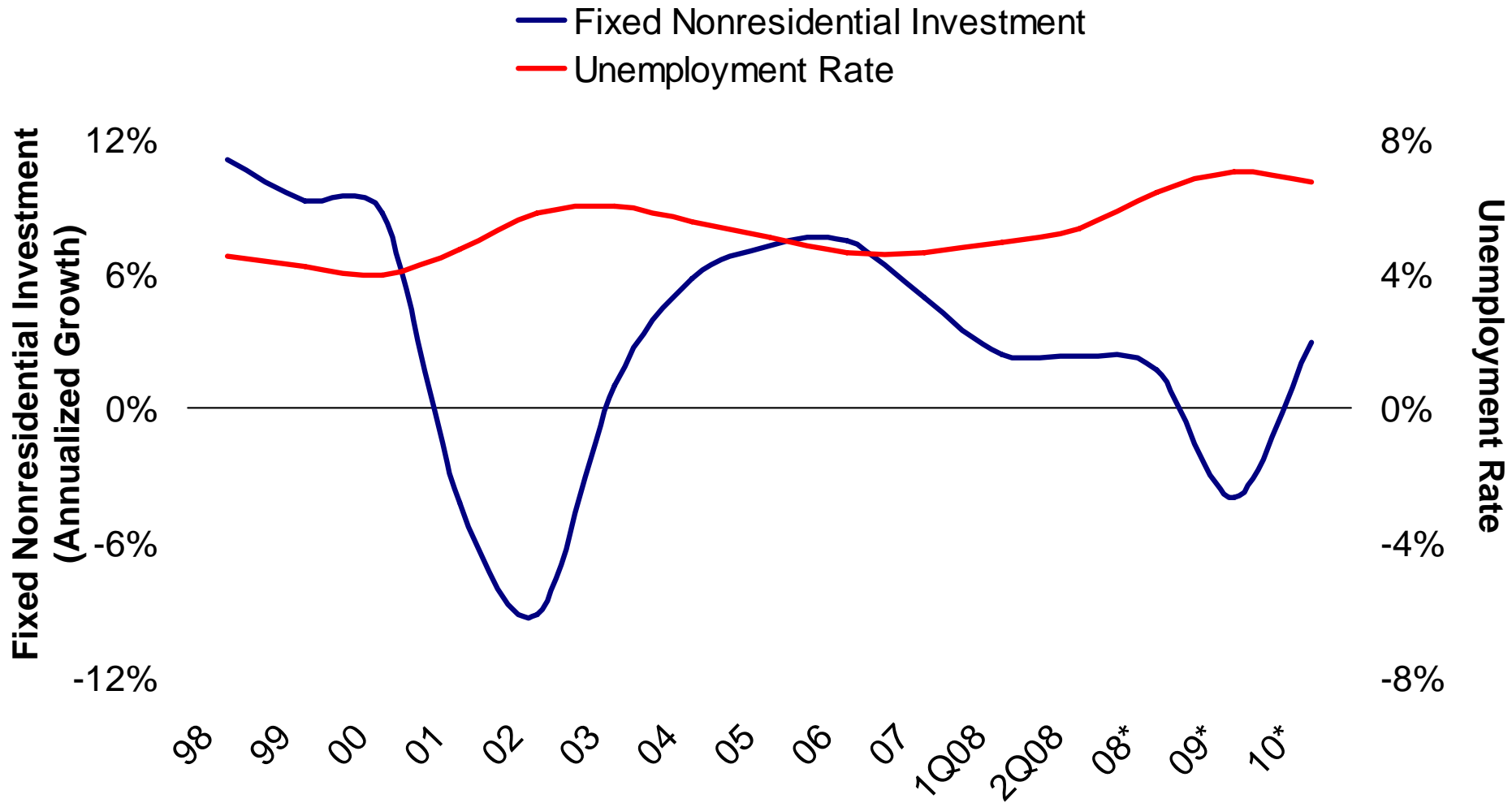
Housing Downturn, Wealth Effect Reversal Hampering Consumers – Easing Energy Prices a Positive



* Retail Sales (Y-O-Y as of September), Oil Prices as of October 21st

Sources: Marcus & Millichap Research Services, Economy.com

Corporate Investment Stalled Despite Healthy Balance Sheets, Unemployment Rising



* Forecast

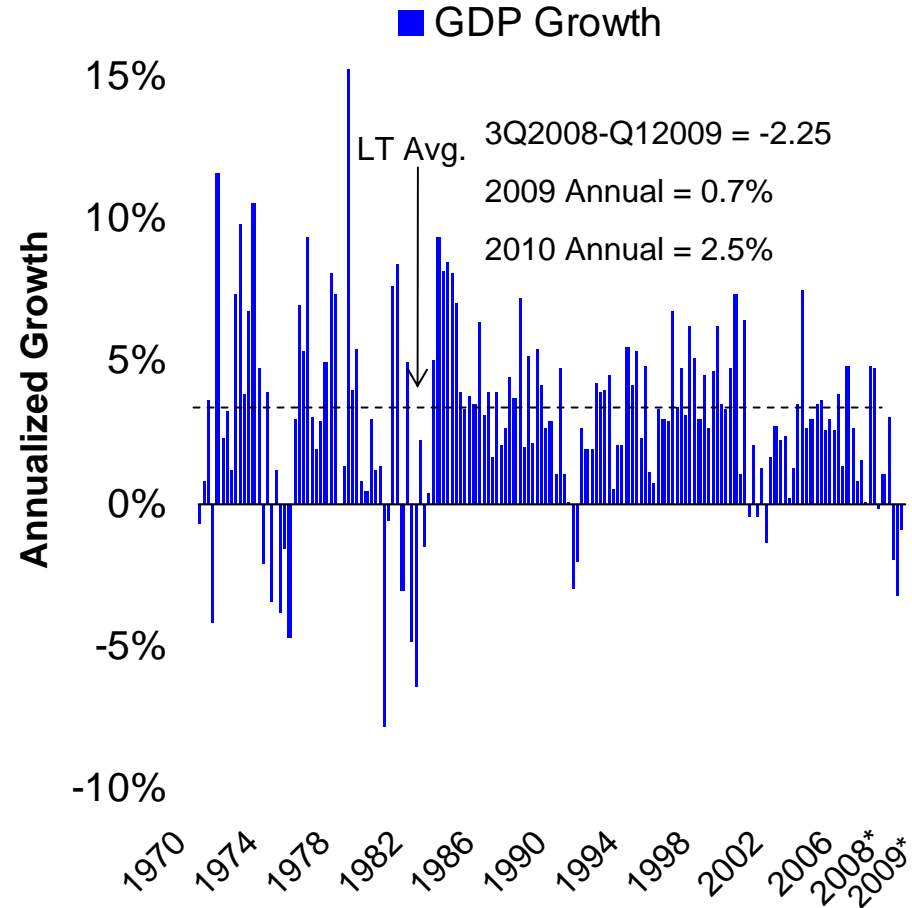
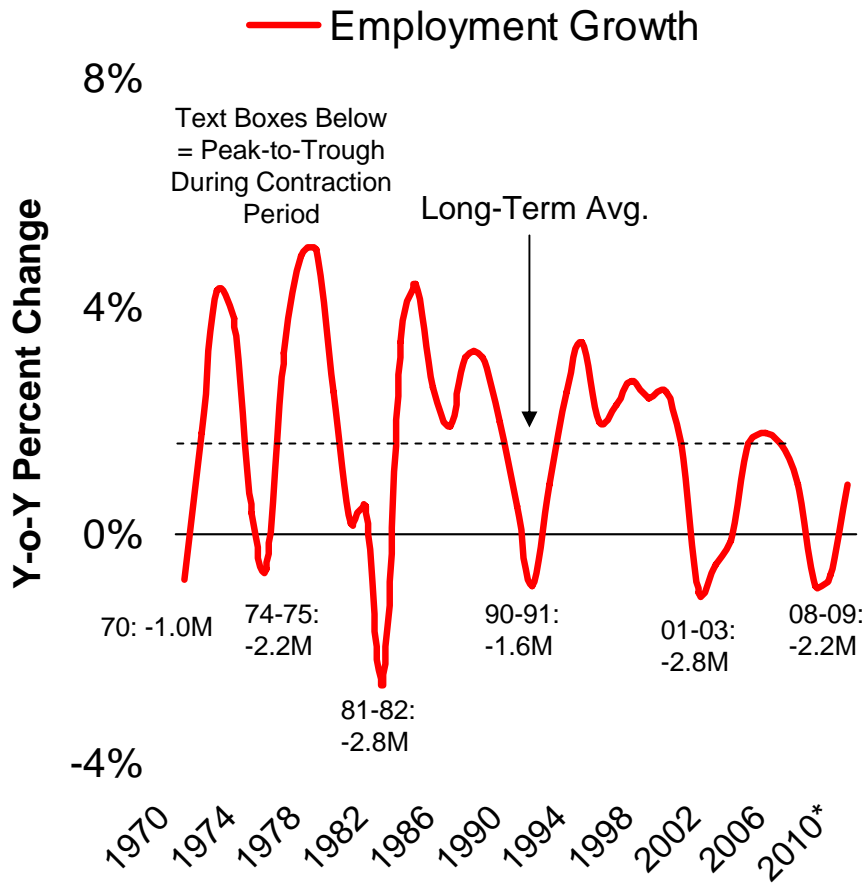
Sources: Marcus & Millichap Research Services, BLS, Economy.com

Change in Employment by Market YTD September 2008

Top 15 Markets	YTD Abs. Change	YTD % Change
Houston	37,411	1.4%
San Antonio	11,835	1.4%
Seattle-Tacoma	24,606	1.4%
Dallas-Fort Worth	40,607	1.4%
Austin	9,799	1.3%
Oklahoma City	6,215	1.1%
Charlotte	8,485	1.0%
Washington, D.C.	29,070	1.0%
Denver	8,857	0.7%
Boston	13,612	0.6%
Columbus	5,256	0.6%
Baltimore	3,900	0.3%
New York	13,607	0.3%
San Francisco	1,500	0.2%
San Jose	1,101	0.1%
U.S	-760,000	-0.6%

Bottom 15 Markets	YTD Abs. Change	YTD % Change
St. Louis	-12,816	-0.9%
Milwaukee	-10,100	-1.2%
West Palm Beach	-7,100	-1.2%
Orange County	-22,500	-1.5%
Sacramento	-13,590	-1.5%
Atlanta	-37,351	-1.5%
Miami	-16,400	-1.5%
Tampa	-20,800	-1.6%
Inland Empire	-21,300	-1.7%
Phoenix	-33,600	-1.8%
Fort Lauderdale	-14,200	-1.8%
Memphis	-12,045	-1.9%
Oakland	-19,800	-1.9%
Tucson	-7,200	-1.9%
Detroit	-42,746	-2.2%
U.S.	-760,000	-0.6%

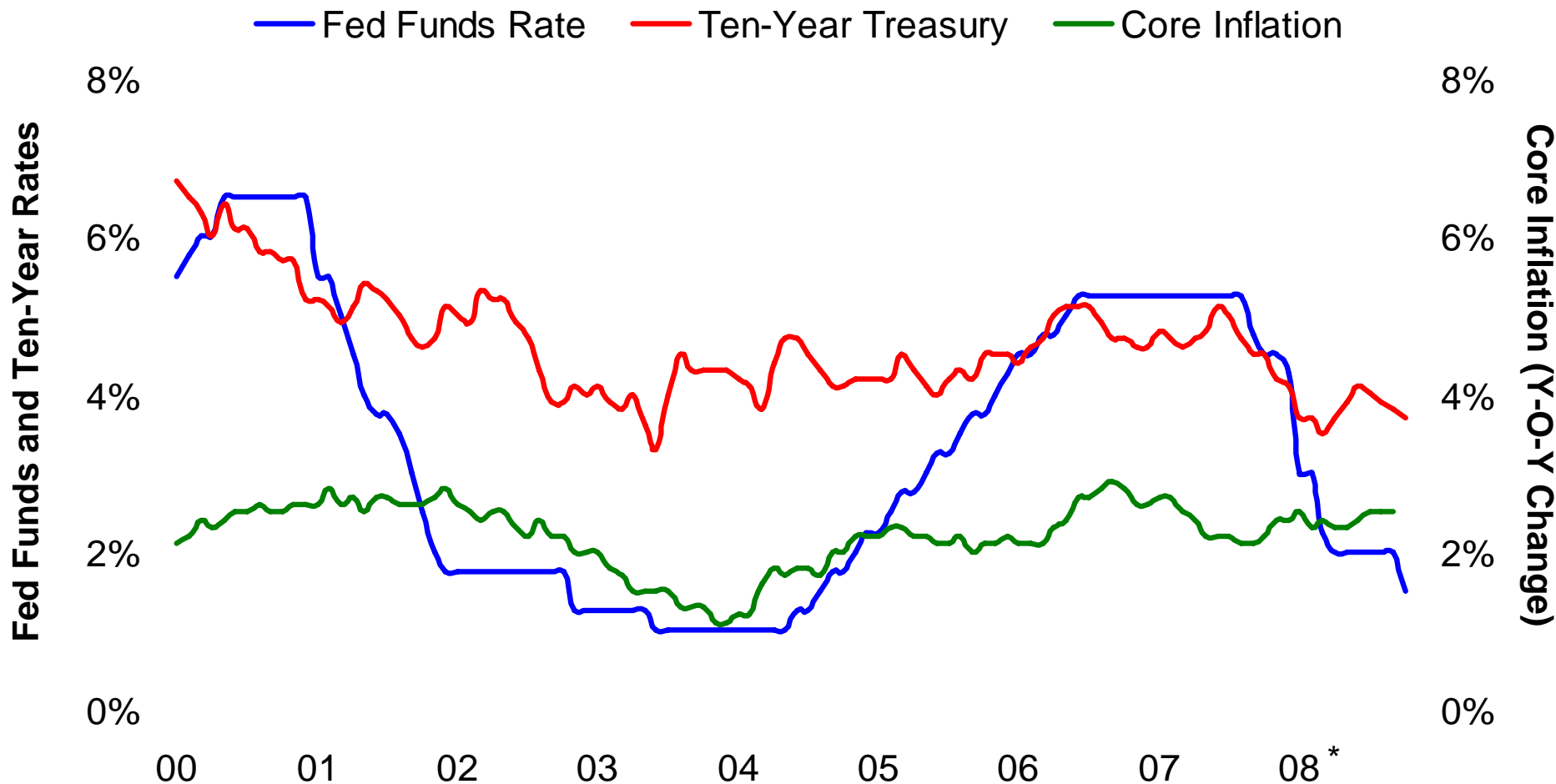
Economic Weakness Expected Through Mid-2009 Risk Levels Remain Elevated



*Forecast Assumes "Thawing" of Credit Markets by Late 2008, Sustained Easing of Energy Prices, No Additional Major Shocks

Sources: Marcus & Millichap Research Services, Blue Chip, Economy.com, Global Insight

Economic Risks to Dominate Fed Agenda for Some Time – Long-Term Inflation Still an Issue



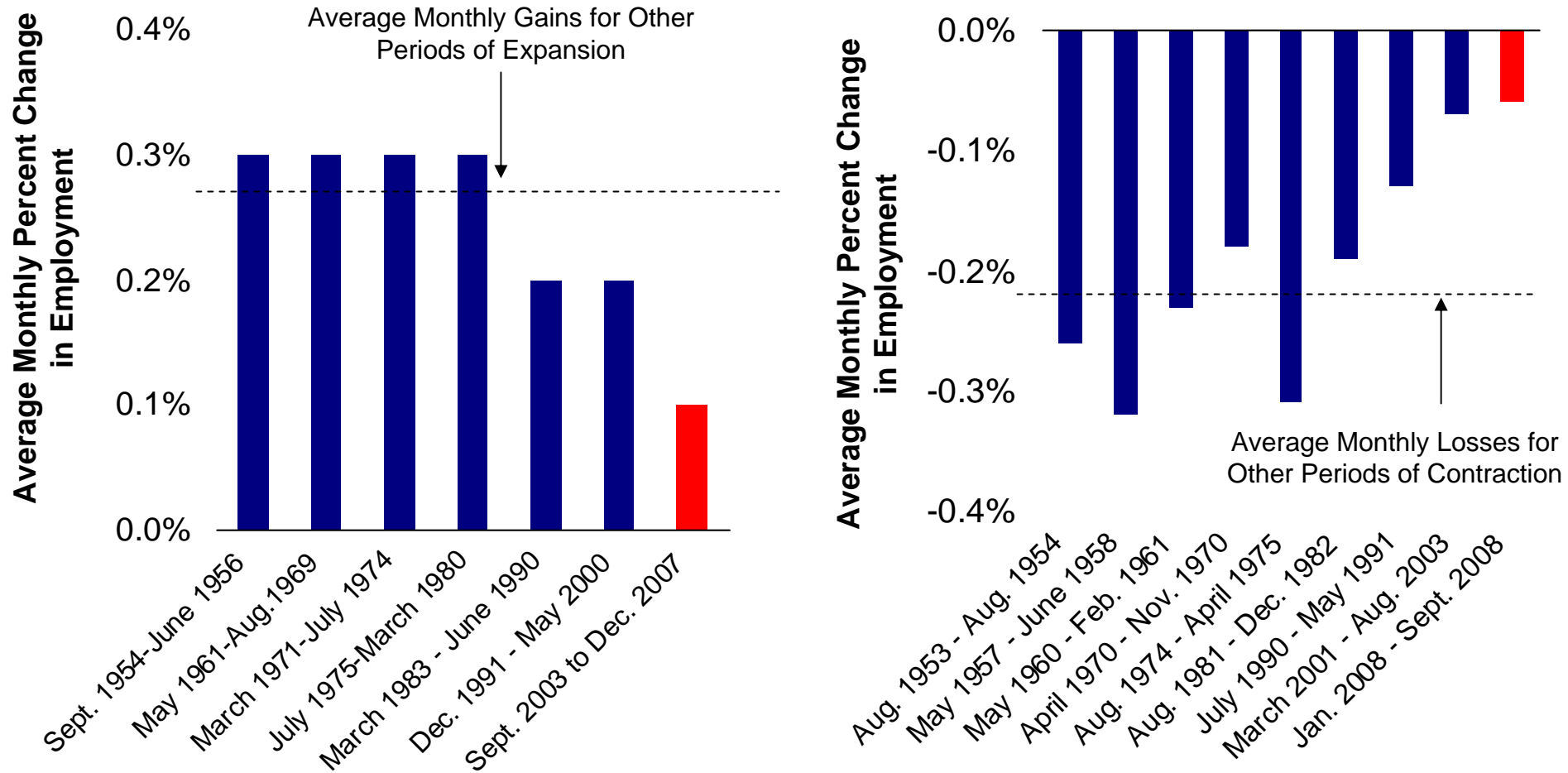
* Fed Funds and Ten-Year Through October 21st, Core Inflation Through September

Sources: Marcus & Millichap Research Services, Federal Reserve

Fed/Treasury Engaging Multiple Credit Facilities, Unprecedented Levels of Liquidity into Economy

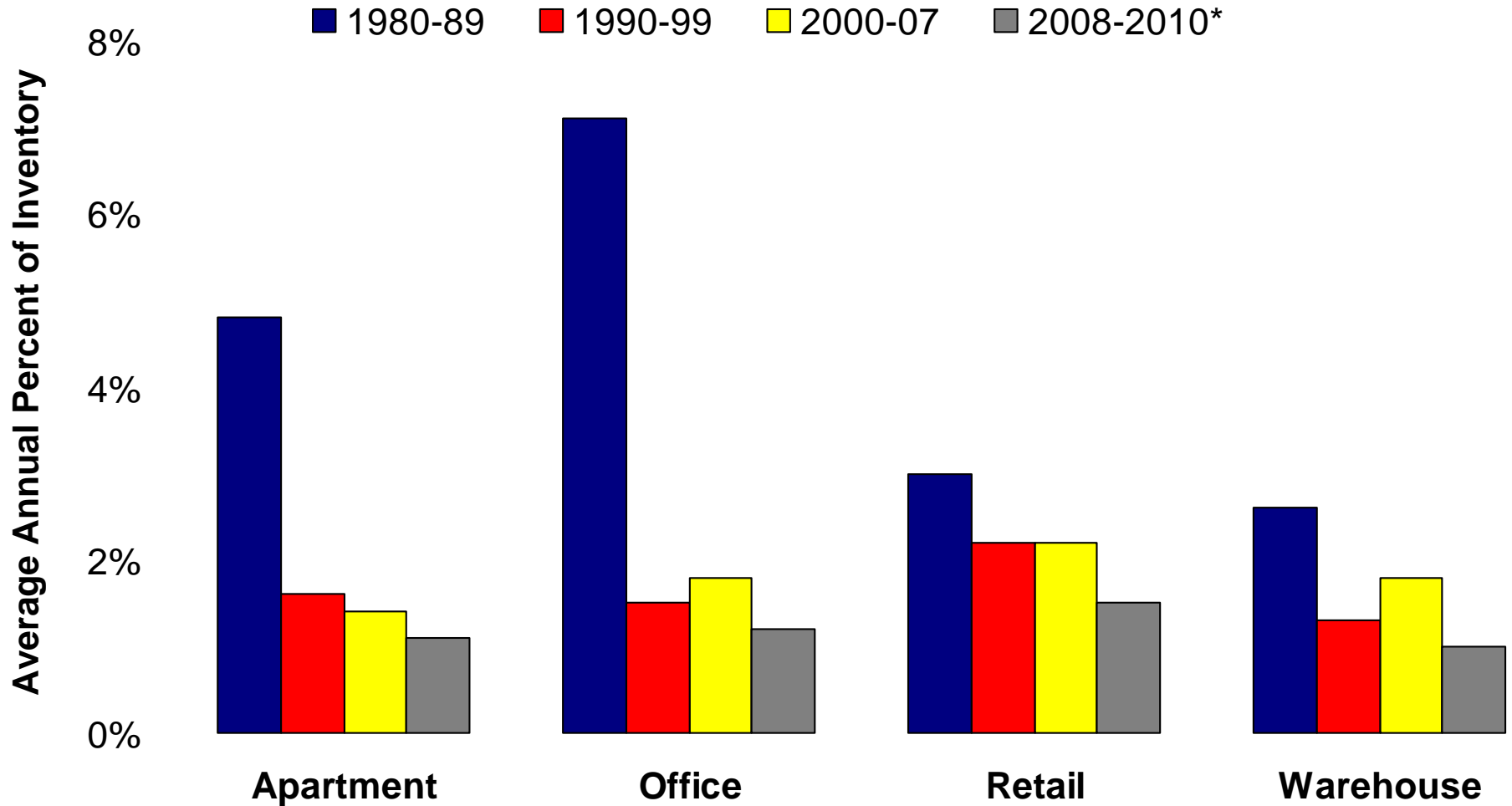
	<u>Jan 00 - Dec 02</u>	<u>Jul 07 - Sept 08</u>
Discount Window Credit of Depository Institutions	\$10.9 Billion	\$286.7 Billion
Asset-Backed Comm. Paper/Money Market Fund Facility	-	\$40.8 Billion
Special Liquidity Facility	\$72 Million	-
Other Credit Extensions	-	\$23.4 Billion
Primary Borrowings of Depository Institutions	-	\$113 Billion
Secondary Borrowings of Depository Institutions	-	\$246 Million
Primary Dealer and Other Broker-Dealer Credit	-	\$116.8 Billion
Seasonal Borrowings of Depository Institutions	\$5.0 Billion	\$1.3 Billion
Term Auction Credit of Depository Institutions	-	\$1.0 Trillion
<i>*All figures above represent cumulative monthly totals over time period (Federal Reserve Statistics – H3 Tables)</i>		
Emergency Economic Stabilization Act (includes TARP)	-	\$700 Billion
<i>Capital Purchase Plan (Purchasing Stock in Banks)</i>	-	\$250 Billion
FDIC Increased Guarantee of Deposits to \$250,000	-	Unknown
Fed Provides Unlimited Currency Swap Lines for European Central Banks	-	Unknown

Lean Payrolls During the Expansion were Limiting Job Losses During the Downturn



Supply Slowdown Helping to Limit Correction

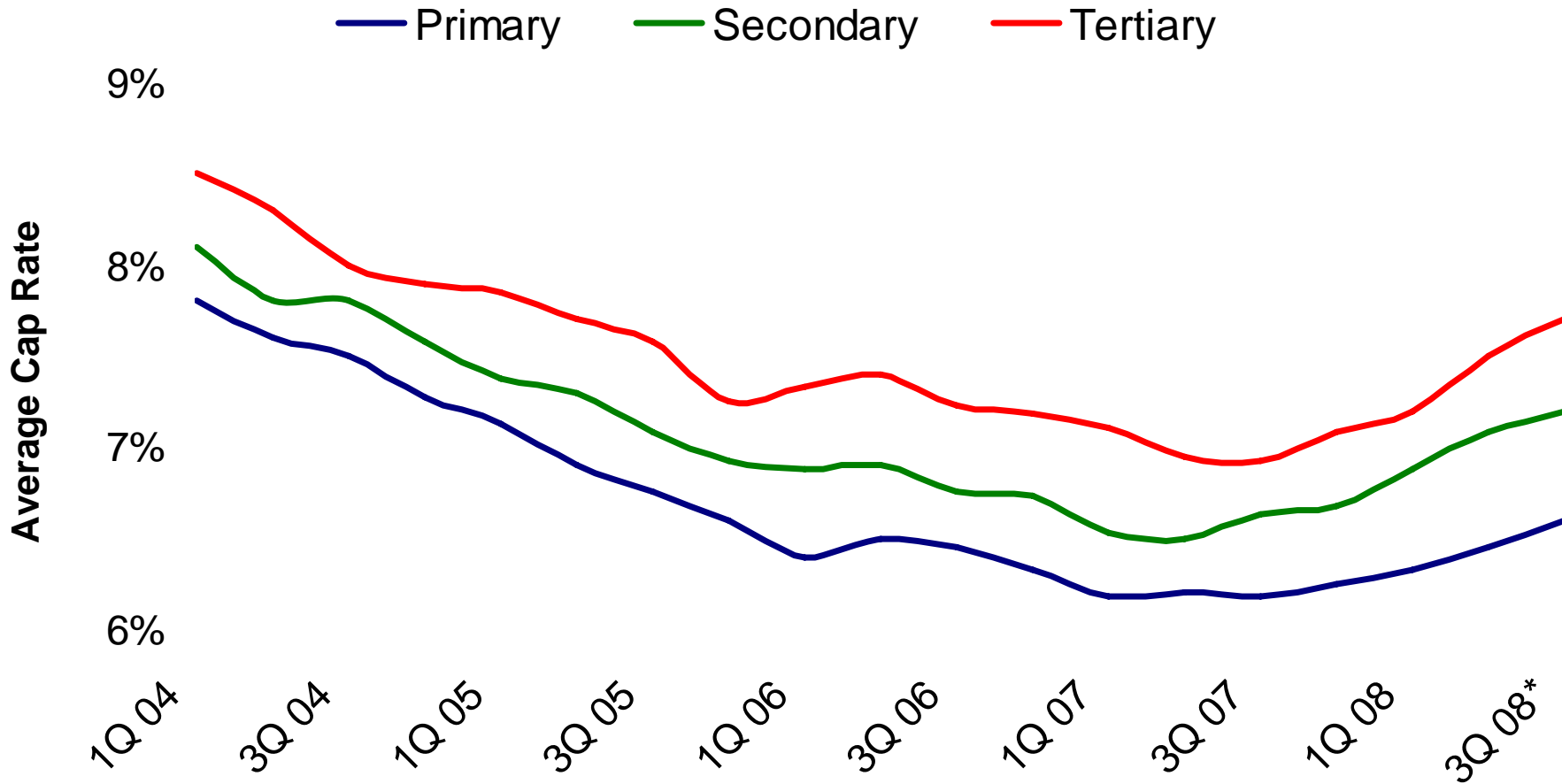
Construction as a Percentage of Existing Inventory



* Forecast

Sources: Marcus & Millichap Research Services, Property & Portfolio Research, Reis

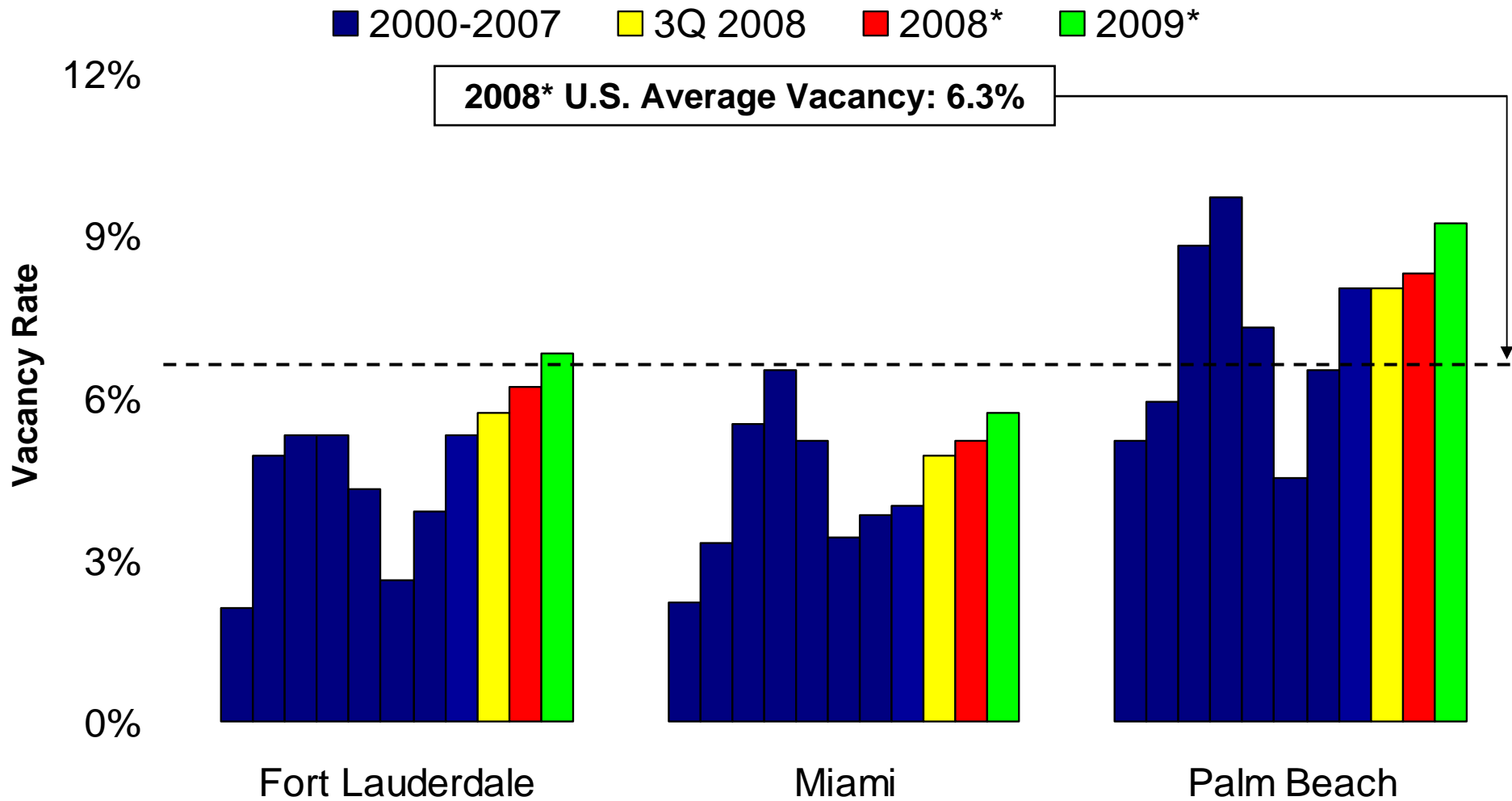
Flight to Quality Reflected in Cap Rate Trends by Market Type



*Estimate

Sales of apartment, retail, office, industrial properties \$5M and greater
Sources: Marcus & Millichap Research Services, Real Capital Analytics

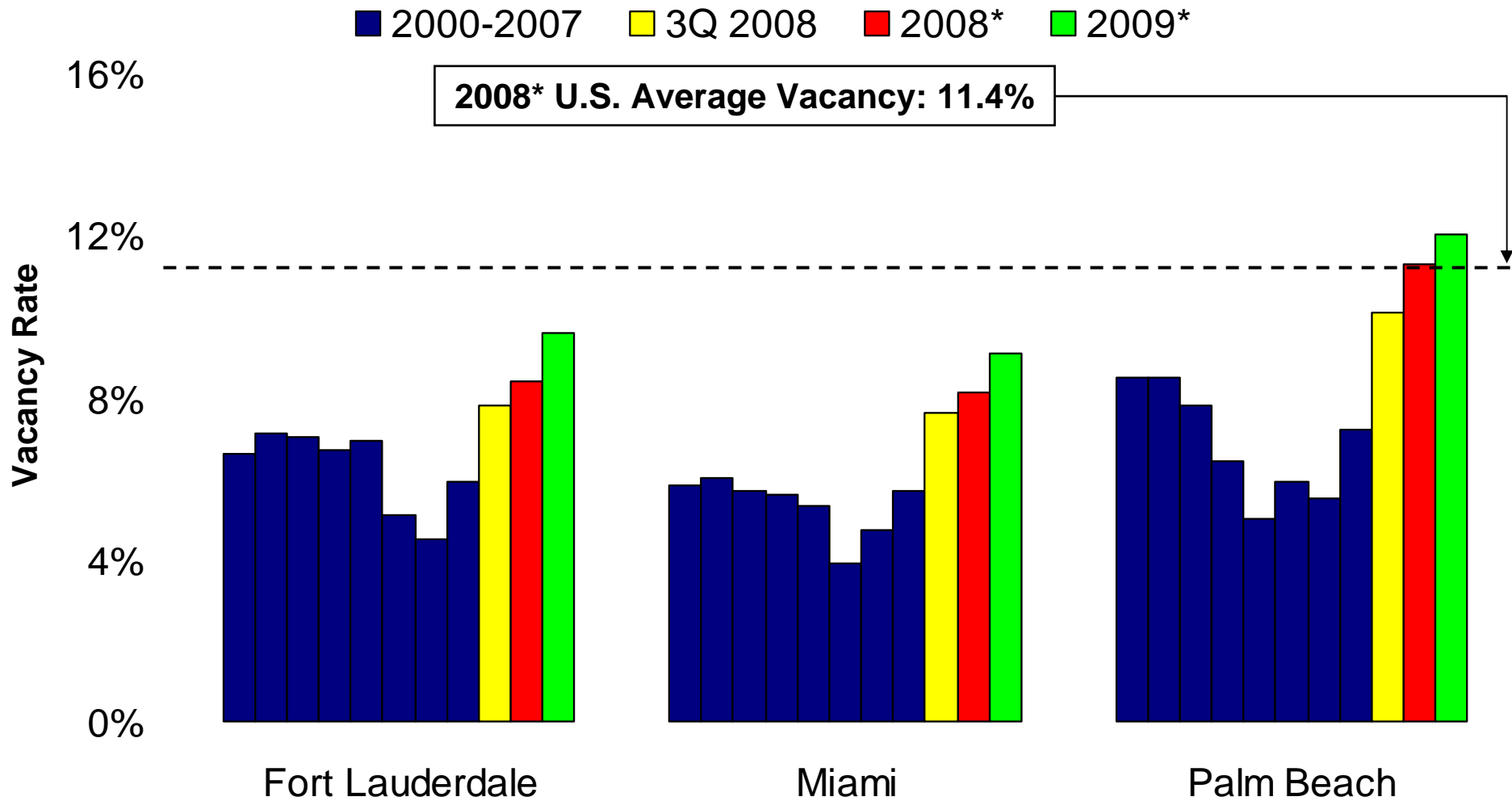
Apartment Vacancy Trends by Market South Florida



* Forecast
Sources: Marcus & Millichap Research Services, Reis

Retail Vacancy Trends by Market

South Florida

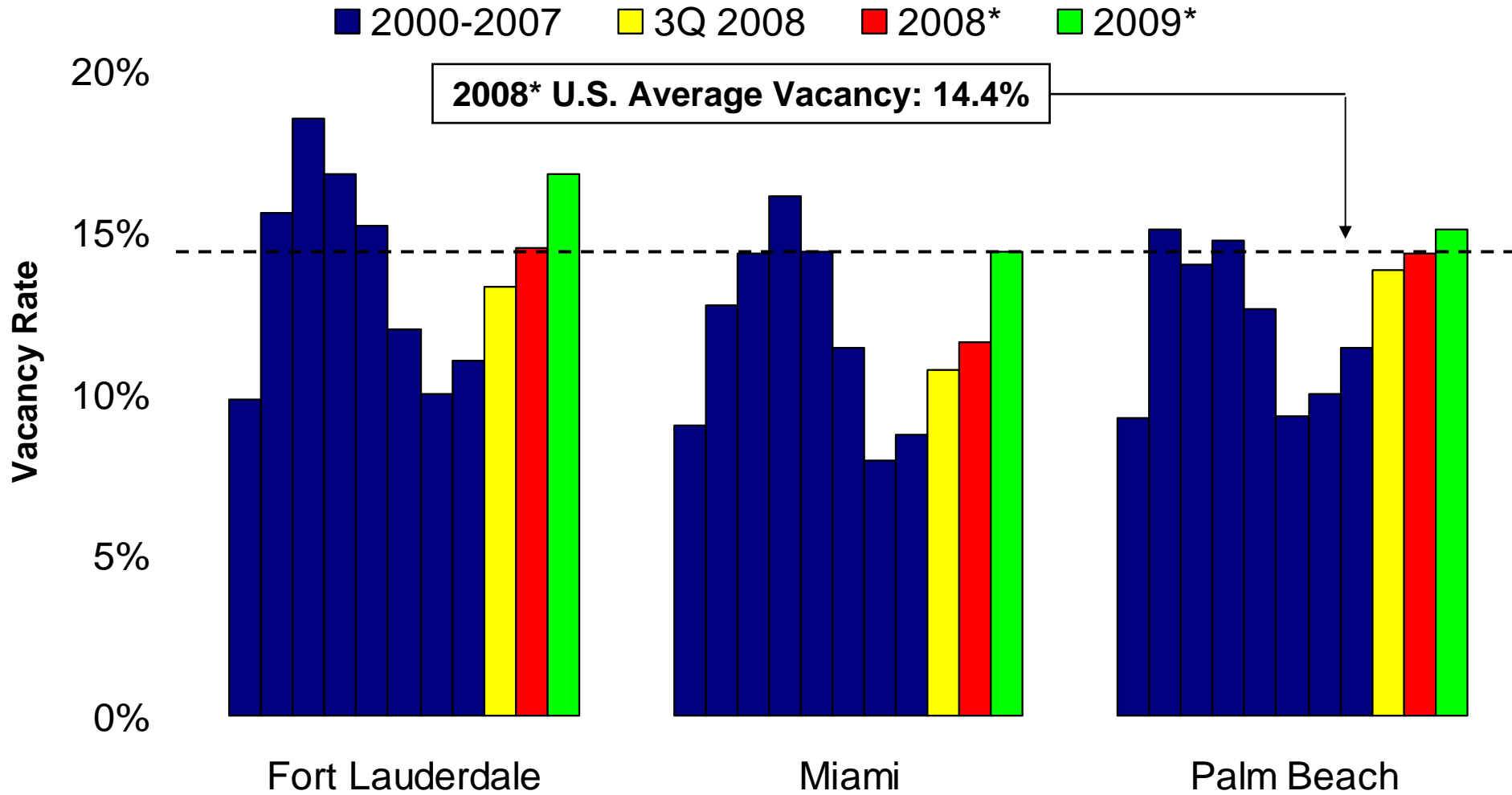


* Forecast

Sources: Marcus & Millichap Research Services, Reis

Office Vacancy Trends by Market

South Florida



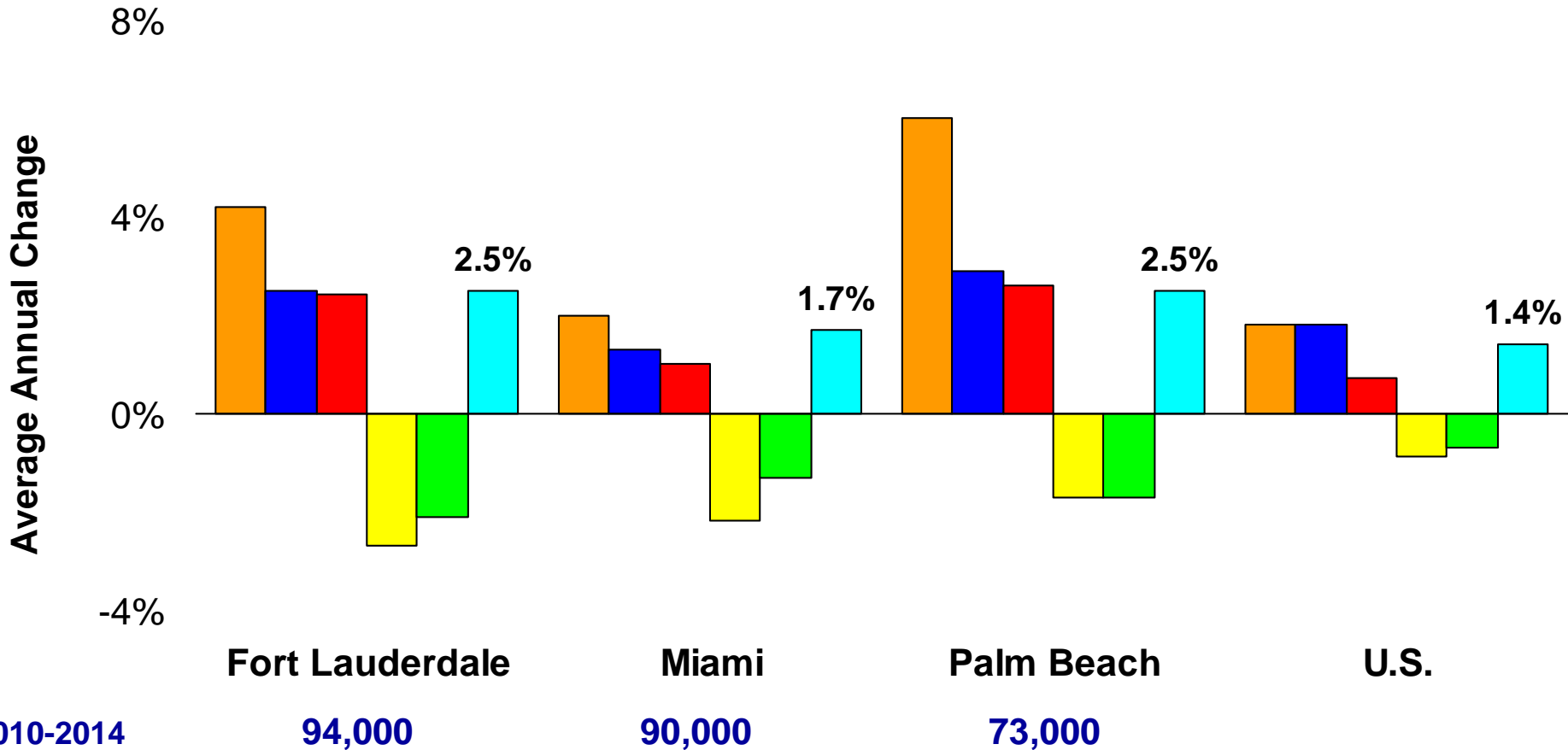
* Forecast

Sources: Marcus & Millichap Research Services, Reis

Marcus & Millichap
Real Estate Investment Services

South Florida Employment Growth

■ 1980s
 ■ 1990s
 ■ 2000-2007
 ■ 2008*
 ■ 2009*
 ■ 2010-2014*



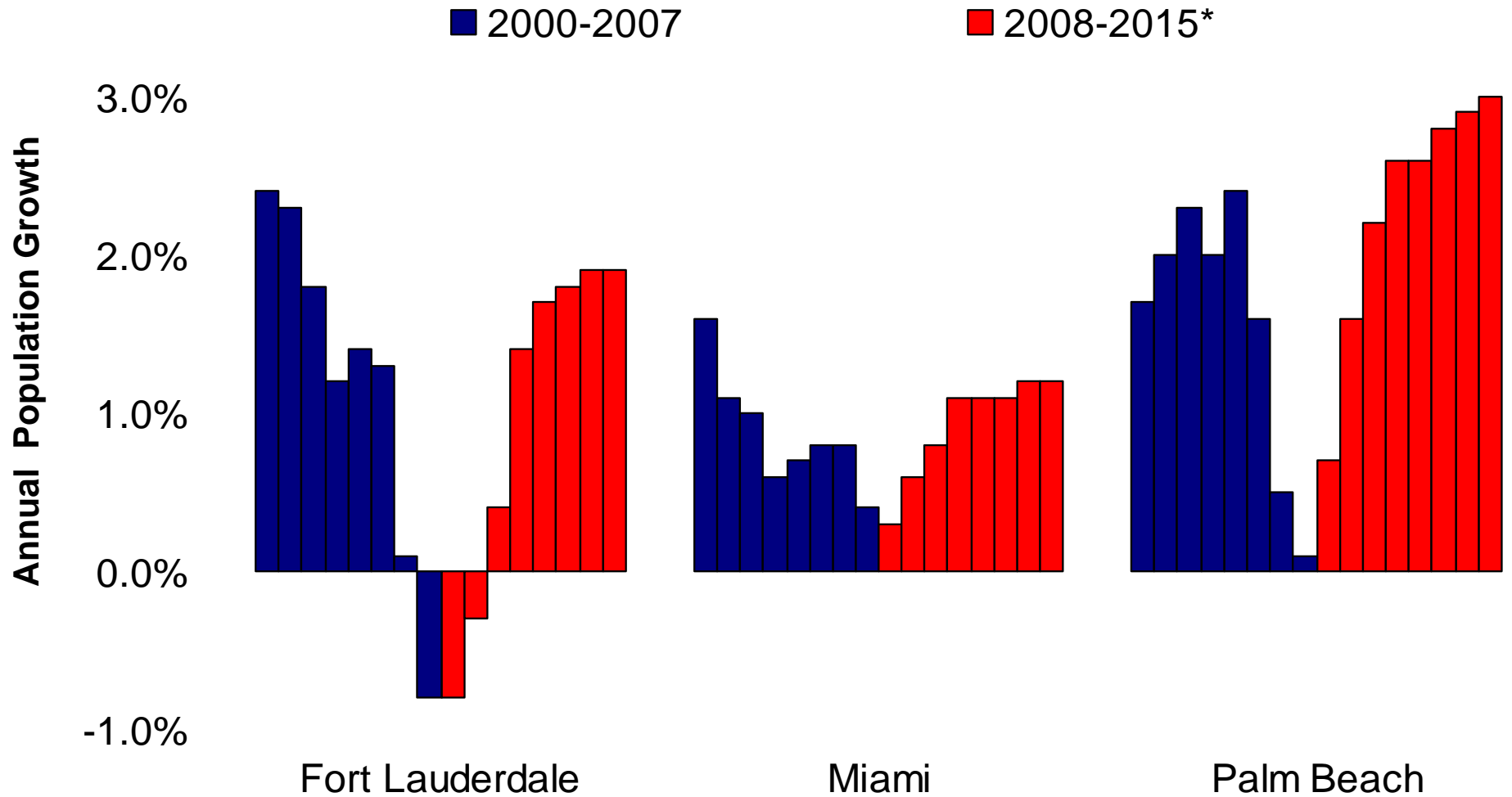
2010-2014

94,000

90,000

73,000

Population Growth Trends by Market South Florida



* Forecast

Sources: Marcus & Millichap Research Services, Economy.com



U.S and South Florida Economic and Real Estate

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