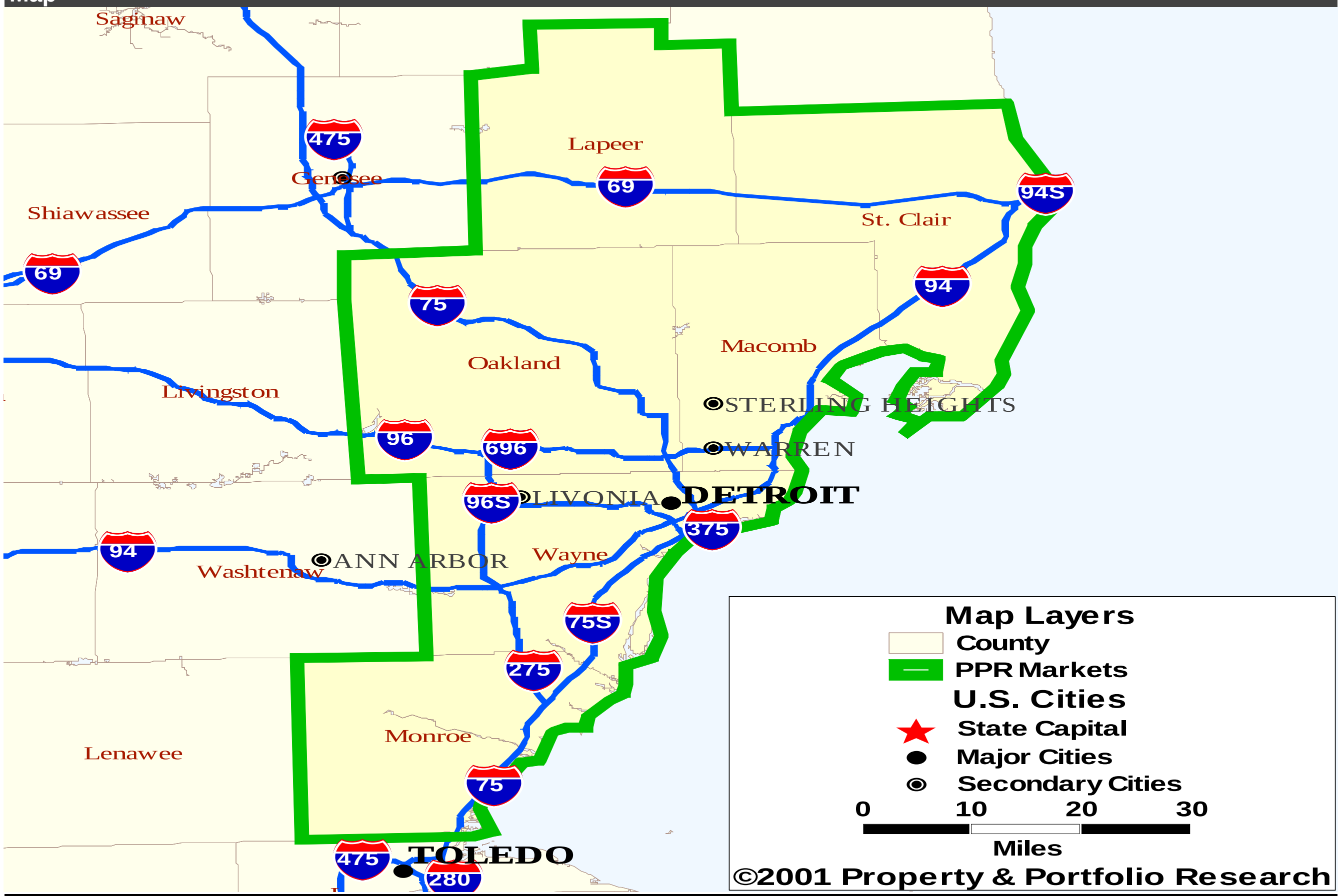
DETROIT

Overview

Map



Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*			Net New Supply (000SF)**			Net Absorption (000SF)**		
Apartment		⇧ 4.6%			⇧ 2,110			⇩ -728	
	3.7%		9.9%	1,222		14,021	-728		10,936
	00:4		82:1	94:3		87:4	02:1		89:3
Office		⇧ 12.8%			⇩ 1,973			⇩ -2,381	
	7.5%		19.7%	681		7,602	-2,381		6,755
	82:1		92:2	93:4		88:4	02:1		87:4
Retail		⇧ 14.1%			⇩ 2,741			⇩ -919	
	10.1%		24.0%	482		5,139	-3,974		6,124
	00:1		82:2	84:2		88:3	82:1		99:3
Warehouse		⇧ 8.8%			⇧ 2,838			⇩ 348	
	3.0%		8.8%	3		3,382	-829		3,457
	82:1		02:1	83:2		88:3	83:2		88:2
Hotel		⇩ 58.4%			⇔ 679			⇩ -2,047	
	68.9%		52.1%	-132		5,305	-2,090		1,973
	96:2		91:4	96:1		88:4	01:4		94:4

*Occupancy for Hotels

**Apartment and Hotel data are in units.

DETROIT

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON – Detroit's economy has weakened dramatically in the current slowdown**, with employment declining by 1.7% as of March. **Despite the temporary rebound in auto sales, the Big Three continue to trim production.** GM has just cut a shift of 1,750 employees at its Orion Township plant, and plans to cut 400 design jobs. Ford's major restructuring entails cutting a shift at the Wixom plant, affecting 1,000 jobs, and cutting an additional 250 jobs metrowide. DaimlerChrysler has halted production at two plants, including one in Sterling Heights. **Plans for permanent facilities for the three temporary casinos are in question**, as the city has been unable to piece together the riverfront parcels needed for development. The impacts of the struggling domestic auto industry will drive a weak near-term outlook.
- **APT –** Healthy population growth in the suburbs (nearly 10% in Oakland and Macomb counties over the last decade) has attracted multifamily development. **The bulk of recent construction has taken place in Oakland County** where the 120-unit Brandywine Village Luxury Apartments are underway. This year, the 336-unit Cider Mill Village is expected to break ground, and the 194-unit Lake Village of Auburn Hills (phase II) is planned. Downtown, the trend is **renovation and conversion of mulitfamily housing**. Schostak Bros. and the Sterling Group are planning to convert two vacant buildings into 174 housing units. Overall, **apartment vacancies are expected to continue to tick up in the near term** as construction continues amid a slump in demand.
- **OFF** – **Negative net absorption of more than 2 million SF in 2001 has generated a surge of sublease space, pushing office vacancies above 12% today.** Providers of auto-related services were hard-hit by the slowdown and firms such as CSC, EDS and Selectcare all gave back space in 2001. **The bulk of new construction in the suburbs has taken place in Troy and Southfield,** while the construction of Compuware's 1.1 million SF headquarters in the CBD continues. New construction is expected to taper off over the next few years, in response to high vacancy rates and the weak economy. In 2001, Schostak Brothers downsized plans for a project in Royal Oak due to weak leasing, and a 360,000 SF BTS for Chrysler Financial Services was put on hold.
- **RET –** A sharp slowdown in retail sales, combined with continued heavy retail construction, caused economic vacancies to approach 14%. Smaller grocery-anchored neighborhood and community centers have comprised the majority of new development. **Construction has been slowly spreading outward, but remains focused on the high-growth areas of Oakland County,** including Novi, Troy, and Auburn Hills. In Novi, the 737,000 SF Fountain Walk has completed, the 650,000 SF West Village Shopping Center is well underway, and the 500,000 SF Novi Promenade is planned. **Economic and physical vacancy rates should remain high in 2002, however demand should slowly resume while supply moderates over the long term.**
- **WHS –** Warehouse vacancies are near 9% today as demand has been heavily impacted by weakness in the auto industry. In turn, **shorter lease terms have been surfacing** as companies are wary of committing to large blocks of space for long periods. **Vacancies are expected to remain high in 2002** and rents should continue to slide as weakness in the auto industry continues to dampen demand. New construction in hot spots such as Macomb County and Southeast Oakland County has slowed significantly, and there are currently less than one million SF underway metrowide.
- **HOT – Occupancies are near a trough of 58%, as hotel demand has fallen off sharply in the wake of the Septermber 11th attack.** While net absorption is expected to remain weak in the near term, construction is also expected to slow going forward, enabling occupancies to begin to recover.

Demographic Trends

Category	2002* Market	2002* U.S.	1982-1991 Market	1982-1991 U.S.	1992-2001 Market	1992-2001 U.S.	2002-2006 Market	2002-2006 U.S.
			Annual Growth Rates					
Population	4,466	288,644	0.1%	1.0%	0.3%	1.2%	0.2%	0.9%
Households	1,701	107,714	0.7%	1.3%	0.6%	1.3%	0.3%	1.0%
Median Household Income	$54,314	$44,333	4.7%	4.4%	4.1%	3.7%	3.8%	3.1%
Apartment-Renting Households	455	35,788	2.0%	1.7%	-1.3%	0.5%	0.3%	1.0%
Real Retail Sales Per Capita	$4,785	$4,518	2.2%	1.4%	1.2%	1.7%	2.2%	1.7%

Employment Trends

SIC Category	2002* Employment	2002* Location Quotient	1982-1991 Market	1982-1991 U.S.	1992-2001 Market	1992-2001 U.S.	2002-2006 Market	2002-2006 U.S.
			Annual Growth Rates					
Total Services	708	1.0	3.8%	4.3%	3.2%	3.7%	2.3%	2.5%
Business Services	205	1.3	8.2%	6.6%	6.2%	6.2%	2.8%	3.0%
Other Services	502	1.0	2.8%	3.8%	2.2%	3.0%	2.1%	2.4%
Retail Trade	372	1.0	2.4%	2.5%	1.0%	2.0%	1.3%	1.6%
Government	238	0.7	-0.2%	1.6%	0.3%	1.3%	0.1%	0.7%
Manufacturing	421	1.5	-0.5%	-0.6%	0.4%	-0.6%	0.1%	0.1%
F.I.R.E.	112	0.9	2.2%	2.2%	0.5%	1.5%	0.8%	0.9%
Wholesale Trade	131	1.1	2.6%	1.3%	1.5%	1.4%	1.2%	1.2%
Trans., Comm., Util.	95	0.8	0.9%	1.1%	1.6%	2.0%	1.6%	1.1%
Construction	94	0.8	2.2%	1.4%	5.6%	4.2%	-0.5%	0.3%
Mining	1	0.1	0.3%	-6.0%	1.2%	-1.6%	-1.1%	-1.1%
Total Employment	2,172	1.0	1.6%	1.9%	1.6%	2.0%	1.2%	1.4%
Office-Using Employment	518	1.0	3.1%	3.0%	3.0%	2.9%	1.9%	1.9%
Trucking/Warehouse Employment	154	1.1	2.5%	1.5%	1.5%	1.7%	1.3%	1.2%

*All units (except for dollar denominated figures) in thousands.

Current Economic Indicators

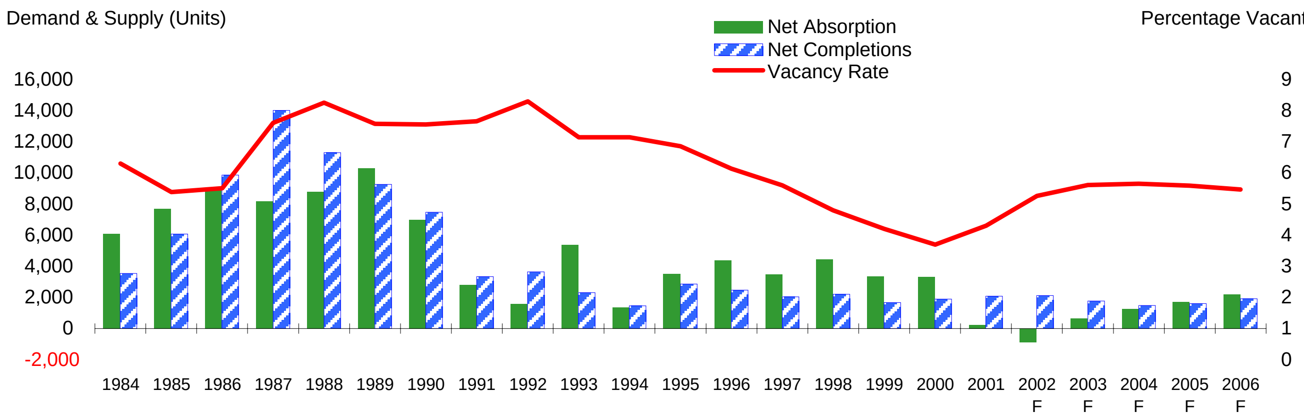
Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100) Business	Cost Indices (U.S. = 100) Living
-1.7%	-0.9%	6.0%	1.1	-11.3	109	101

Sources: PPR; Economy.com

DETROIT

Apartment

Supply, Demand, and Vacancy



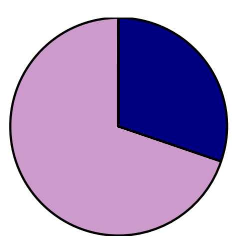
Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	5.6%	4.8%	4.2%	3.7%	4.3%	5.3%	5.6%	5.7%	5.6%	5.5%
Apt. Net Absorption	3,471	4,423	3,355	3,299	218	-863	628	1,255	1,716	2,172
% Growth	1.3%	1.6%	1.2%	1.2%	0.1%	-0.3%	0.2%	0.4%	0.6%	0.8%
Multifamily Starts	4,188	3,263	3,261	3,934	3,061	1,859	1,591	1,537	1,803	2,087
% Change	-1.3%	-22.1%	-0.1%	20.6%	-22.2%	-39.3%	-14.4%	-3.4%	17.3%	15.8%
Net Apt. Completions	2,041	2,211	1,673	1,901	2,081	2,109	1,768	1,481	1,605	1,923
Apt. Inventory	289,774	291,984	293,658	295,559	297,640	299,749	301,517	302,998	304,603	306,526
% Growth	0.7%	0.8%	0.6%	0.6%	0.7%	0.7%	0.6%	0.5%	0.5%	0.6%
Apt. Rent Index	100	104	106	110	109	111	113	114	115	116
% Change	0.4%	3.5%	2.4%	3.3%	-1.2%	2.4%	1.2%	0.9%	1.0%	1.2%

PPR/Dodge Pipeline Summary

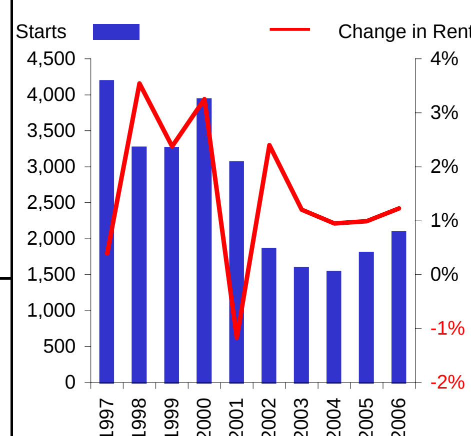
Current Activity (Units)

Multifamily Underway by Subclass



	Underway (Units)	%
Apartments	1,259	30%
Townhouse/Condo	2,917	70%
Low Income	-	0%
Unclassified	-	0%

Change in Rent vs. Starts

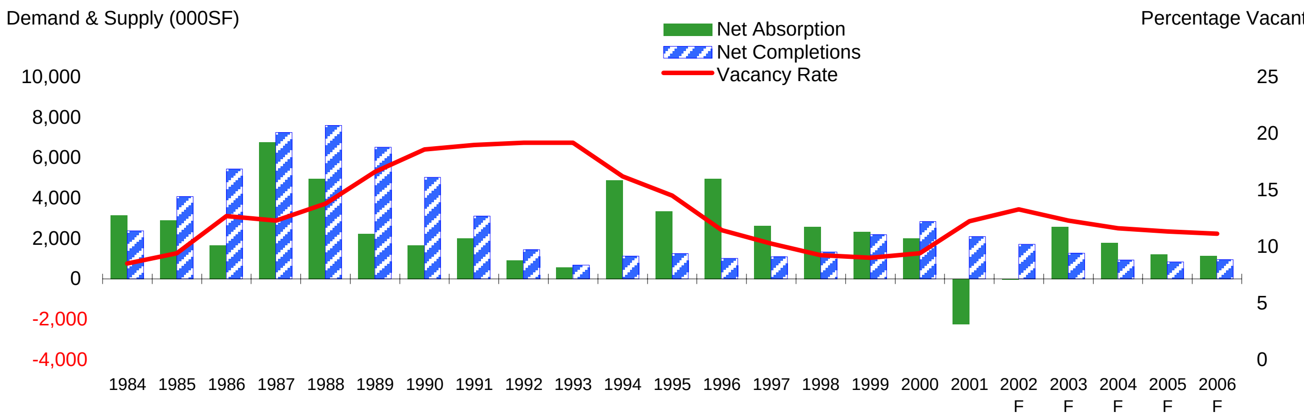


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DETROIT

Office

Supply, Demand, and Vacancy

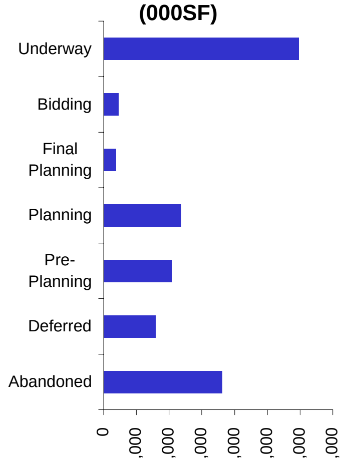


Office Market Statistics (000SF)

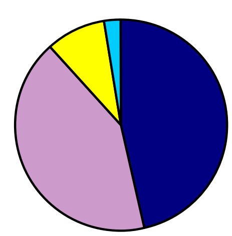
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	10.3%	9.3%	9.0%	9.4%	12.3%	13.3%	12.3%	11.6%	11.3%	11.1%
Net Absorption	2,612	2,571	2,336	2,015	-2,217	-21	2,577	1,799	1,201	1,146
% Growth	2.2%	2.1%	1.9%	1.6%	-1.7%	-0.0%	2.0%	1.4%	0.9%	0.9%
Starts	1,308	3,639	2,318	4,081	3,597	1,136	1,214	1,103	1,134	1,278
% Change	-9.7%	178.2%	-36.3%	76.1%	-11.9%	-68.4%	6.9%	-9.1%	2.8%	12.7%
Net Completions	1,093	1,337	2,190	2,839	2,093	1,707	1,274	944	849	955
Inventory	135,844	137,180	139,370	142,209	144,302	146,009	147,283	148,227	149,075	150,030
% Growth	0.8%	1.0%	1.6%	2.0%	1.5%	1.2%	0.9%	0.6%	0.6%	0.6%
Rent Index	111	116	125	129	119	114	113	116	118	122
% Change	11.2%	4.0%	8.3%	3.2%	-8.0%	-3.9%	-1.1%	2.5%	2.4%	3.1%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

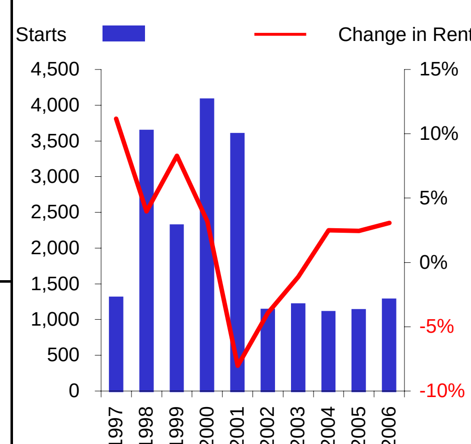


Office Underway by Subclass



	Underway (000SF)	%
Low Rise	2,762	46%
Mid Rise	2,490	42%
High Rise	-	0%
Office R&D	548	9%
Unclassified	142	2%

Change in Rent vs. Starts

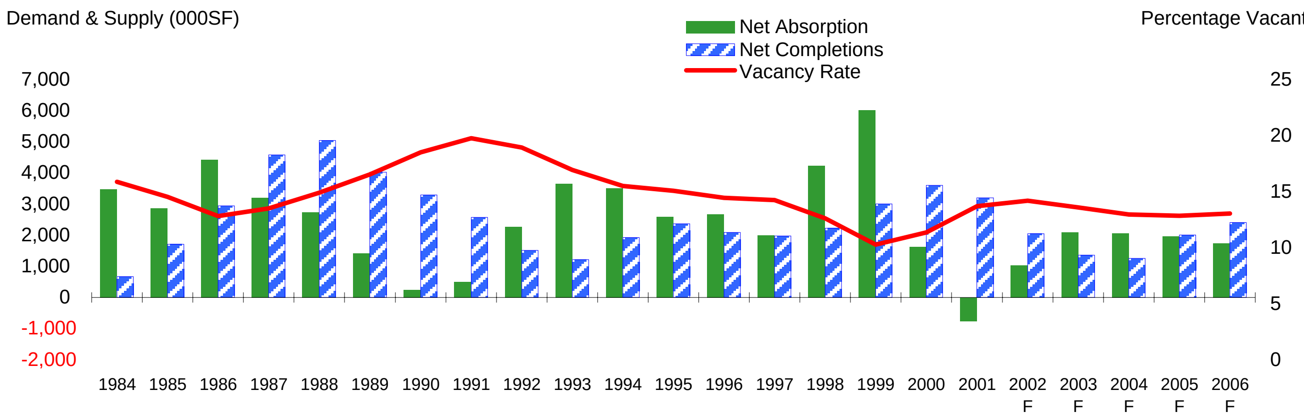


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DETROIT

Retail

Supply, Demand, and Vacancy

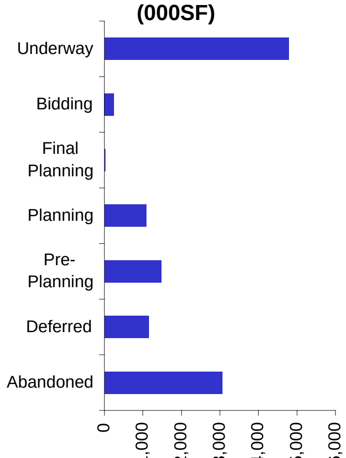


Retail Market Statistics (000SF)

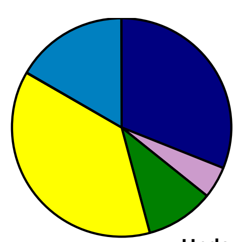
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	14.2%	12.6%	10.3%	11.3%	13.7%	14.2%	13.6%	13.0%	12.8%	13.0%
Net Absorption	1,976	4,218	6,007	1,623	-756	1,025	2,084	2,055	1,962	1,732
% Growth	1.7%	3.5%	4.8%	1.2%	-0.6%	0.8%	1.6%	1.5%	1.4%	1.3%
Starts	4,814	4,855	5,321	4,647	3,776	1,349	1,662	2,342	2,846	2,796
% Change	52.8%	0.9%	9.6%	-12.7%	-18.7%	-64.3%	23.2%	40.9%	21.5%	-1.8%
Net Completions	1,973	2,213	2,994	3,591	3,189	2,045	1,354	1,247	2,004	2,401
Inventory	140,062	142,275	145,269	148,860	152,050	154,095	155,449	156,696	158,701	161,101
% Growth	1.4%	1.6%	2.1%	2.5%	2.1%	1.3%	0.9%	0.8%	1.3%	1.5%
Rent Index	108	108	114	115	114	112	113	114	116	118
% Change	7.9%	0.4%	5.1%	1.1%	-1.3%	-1.5%	1.2%	1.0%	1.8%	1.5%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

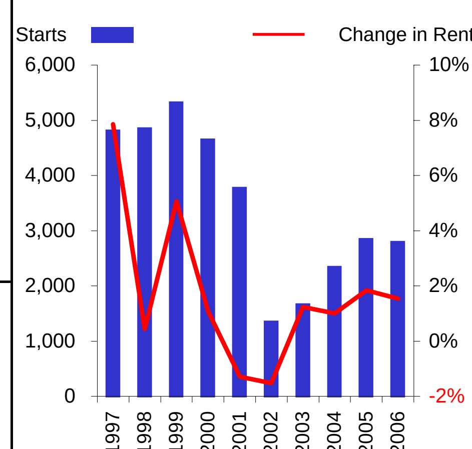


Retail Underway by Subclass



	Underway (000SF)	%
Freestanding Stores	1,488	31%
Neighborhood Center	227	5%
Community Center	470	10%
Regional	1,791	38%
Super Regional	-	0%
Outlet	-	0%
Unclassified	798	17%

Change in Rent vs. Starts

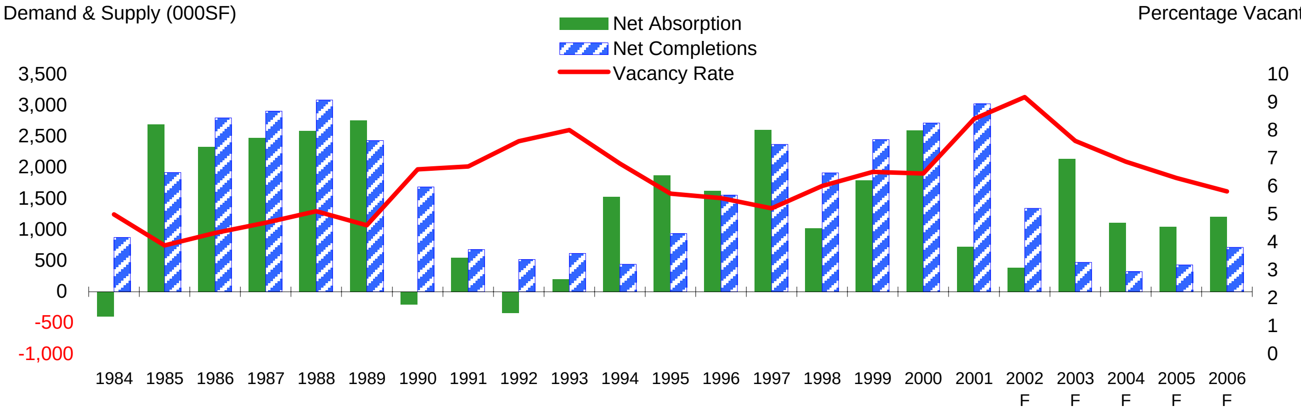


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DETROIT

Warehouse

Supply, Demand, and Vacancy

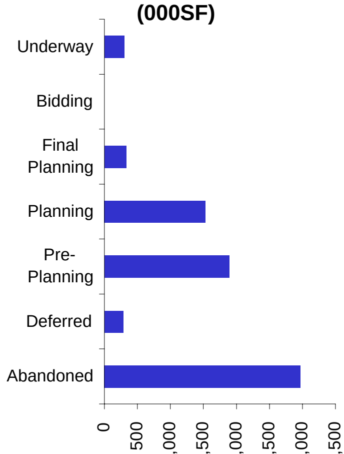


Warehouse Market Statistics (000SF)

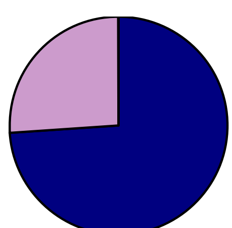
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	5.2%	6.0%	6.5%	6.4%	8.4%	9.2%	7.6%	6.9%	6.3%	5.8%
Net Absorption	2,600	1,018	1,792	2,593	720	383	2,137	1,110	1,042	1,203
% Growth	2.9%	1.1%	1.9%	2.7%	0.7%	0.4%	2.2%	1.1%	1.0%	1.2%
Starts	2,933	3,612	2,441	1,852	1,428	835	465	397	609	991
% Change	28.6%	23.1%	-32.4%	-24.1%	-22.9%	-41.5%	-44.3%	-14.7%	53.3%	62.8%
Net Completions	2,371	1,913	2,448	2,711	3,021	1,338	469	323	428	711
Inventory	97,583	99,496	101,944	104,655	107,676	109,014	109,483	109,805	110,233	110,944
% Growth	2.5%	2.0%	2.5%	2.7%	2.9%	1.2%	0.4%	0.3%	0.4%	0.6%
Rent Index	105	106	111	110	109	105	103	105	106	110
% Change	4.5%	1.9%	4.6%	-1.1%	-1.1%	-3.3%	-1.8%	1.2%	1.8%	3.0%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

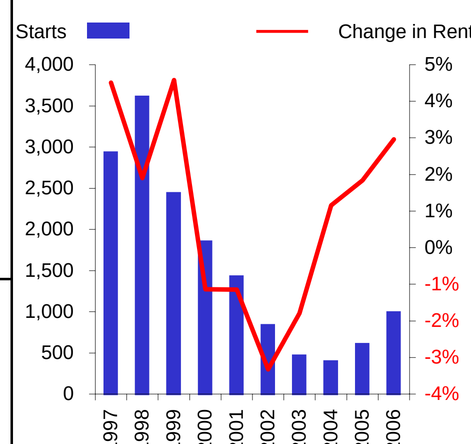


Warehouse Underway by Subclass



	Underway (000SF)	%
Distribution	220	74%
Warehouse/Flex	78	26%
Light Industrial	-	0%
Unclassified	-	0%

Change in Rent vs. Starts

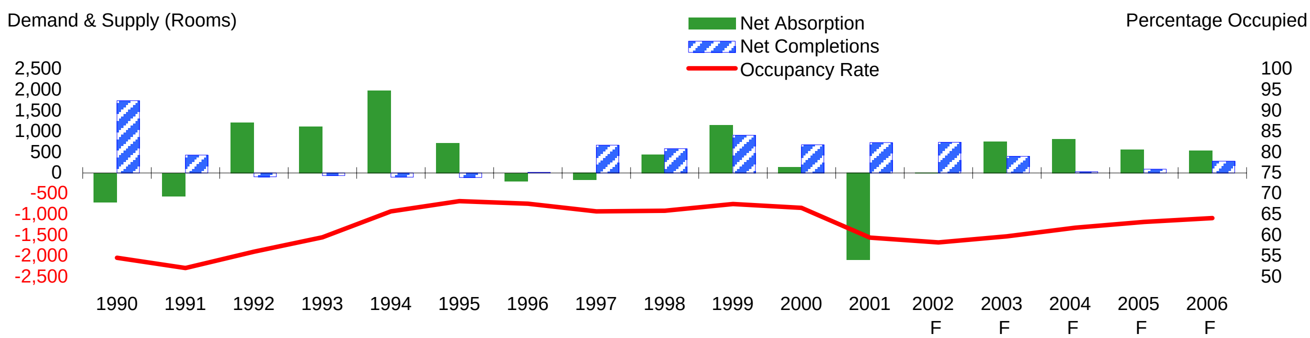


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DETROIT

Hotel

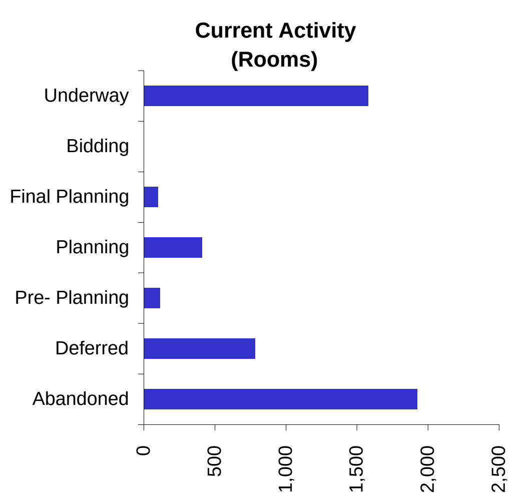
Supply, Demand, and Occupancy

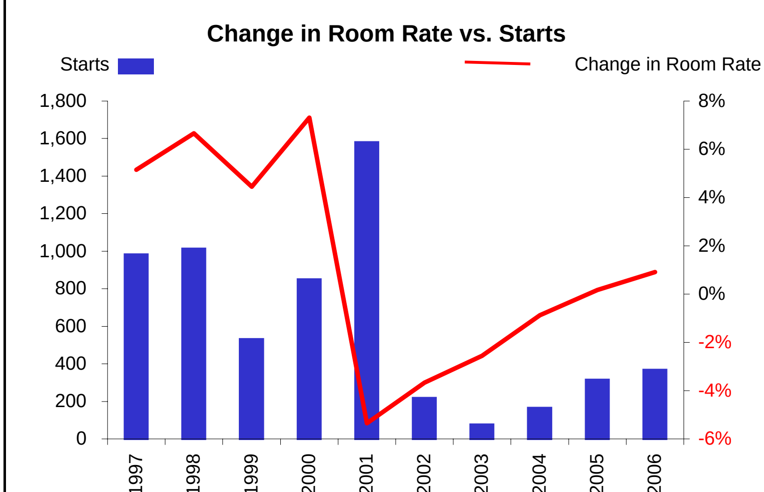


Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	65.7%	65.9%	67.5%	66.6%	59.4%	58.2%	59.7%	61.8%	63.2%	64.1%
Net Absorption	-169	446	1,148	138	-2,090	3	760	810	555	537
% Growth	-0.8%	2.1%	5.2%	0.6%	-8.9%	0.0%	3.6%	3.7%	2.4%	2.3%
Starts	983	1,013	532	849	1,580	218	77	165	315	368
% Change	20.5%	3.1%	-47.5%	59.6%	86.1%	-86.2%	-64.7%	114.3%	90.9%	16.8%
Net Completions	668	585	902	675	730	738	394	25	88	278
Inventory	33,115	33,700	34,602	35,277	36,007	36,745	37,139	37,163	37,251	37,529
% Growth	2.1%	1.8%	2.7%	2.0%	2.1%	2.0%	1.1%	0.1%	0.2%	0.7%
Room Rate Index	105	112	117	126	119	115	112	111	111	112
% Change	5.2%	6.7%	4.4%	7.3%	-5.3%	-3.7%	-2.6%	-0.9%	0.2%	0.9%
RevPar Index	105	111	117	124	103	99	101	103	105	108
% Change	5.4%	5.4%	5.6%	5.8%	-17.1%	-4.2%	2.2%	2.1%	2.3%	2.3%

PPR/Dodge Pipeline Summary



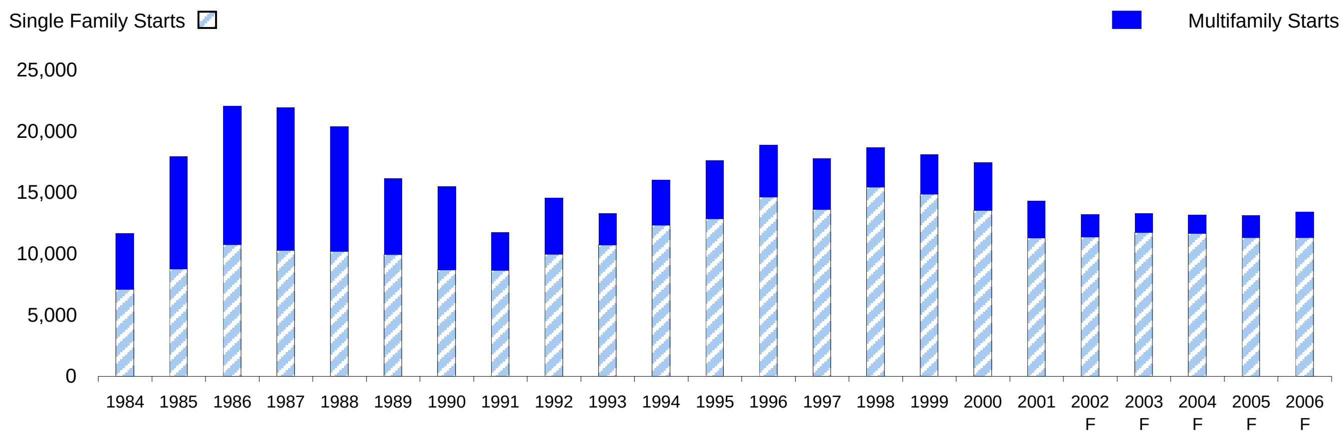


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

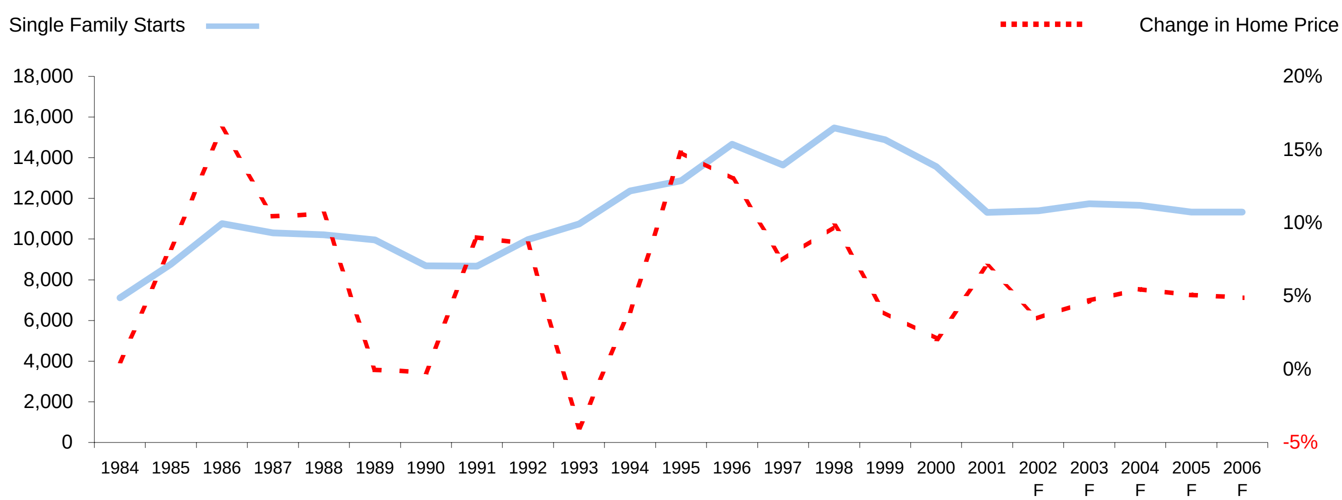
DETROIT

Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	13,635	15,473	14,892	13,569	11,305	11,396	11,743	11,665	11,333	11,333
% Change	-7.0%	13.5%	-3.8%	-8.9%	-16.7%	0.8%	3.0%	-0.7%	-2.8%	-0.0%
Completions	13,955	14,454	15,464	14,459	11,885	11,195	11,655	11,774	11,406	11,336

Apartment Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Multifamily Starts	4,188	3,263	3,261	3,934	3,061	1,859	1,591	1,537	1,803	2,087
% Change	-1.3%	-22.1%	-0.1%	20.6%	-22.2%	-39.3%	-14.4%	-3.4%	17.3%	15.8%
Apartment Completions	2,041	2,211	1,673	1,901	2,081	2,109	1,768	1,481	1,605	1,923

Sources: PPR; McGraw-Hill Construction - Dodge

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Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
Lincoln at Fairlane Town Center	100 Lincoln Lane in Dearborn, Dearborn Wayne Co.	200	Completed	11/00	2/02
Prentiss Point Apartments	29492 Ashland Rd, Harrison Twnship Macomb Co.	198	Completed	11/00	12/01
Turnbury Park Apartments/Clubhouse/Swimming Pool	Beck Street, Canton Wayne Co.	160	Underway	8/01	12/02
The Landings Apartment Complex	Frenchtown Twp.	150	Underway	2/01	6/02
Stoney Park Place Apartments-Outdoor Pool-Clubhouse	Shelby Twp.	150	Underway	5/01	9/02
Brandywine Village Luxury Apartments	Haggerty and Maple Roads, West Bloomfield Oakland Co.	120	Underway	4/01	12/02
Arbors at St. Clair Apartment Complex	Port Huron	108	Underway	1/01	11/02
Main Street Village II Apartments - Maintenance Building	Novi	89	Underway	9/01	12/02
Washington Square Apartments/Clubhouse (Negotiated)	Washington Twp.	86	Underway	9/01	12/02
Towns of Orchard Square Apartment Buildings	36261 Dominion Circle, Sterling Macomb Co.	74	Underway	6/01	5/02

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Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Campus Martius - Compuware Headquarters Tenants: Compuware HQ	Kern and Woodward Ave., CBD Wayne Co.	1,100	Underway	12/00	6/03
Maple Corporate Center	Troy Oakland Co.	275	Underway	3/01	3/03
Office Building (Negotiated)	Auburn Hills Oakland Co.	210	Underway	2/01	3/03
Oakland Commons Office/Retail Building (PhaseII)	Southfield Oakland Co.	175	Underway	2/01	3/03
Altair Engineering Office/Manufacturing Building(Negotiated	Troy Oakland Co.	133	Underway	5/01	6/03
Volkswagen Headquarters Tenants: Volkswagen	Auburn Hills Oakland Co.	127	Completed	12/00	3/02
Motorola Office Bldg/Underground Parking Garage-Negotiated Tenants: Motorola	Farmington Hills Oakland Co.	125	Underway	2/01	3/03
Oakland Commons Phase II (Two Towne Square) Tenants: Covisint (world HQ)	Civic Center Drive, Southfield Oakland Co.	100	Underway	4/01	3/03
Sterling Die & Engineering Office/Manufacturing Plant	Sterling Heights Macomb Co.	50	Completed	2/01	7/01
Pinnacle Aeropark	just south of Detroit Metro. Airport Wayne Co.	32	Completed	5/01	12/01

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Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Novi Promenade (Phase 2)	Grand River Ave. and Wixom Road, Novi Oakland Co.	500	Planned		
Meadowbrook Village of Rochester Hills Tenants: Ann Taylor, Chico's, J. Crew, Parisian, Farmer Jack	corner of Adams and Walton Roads, Rochester Hills, Rochester Hills Oakland Co.	450	Underway	8/01	9/02
Wal-Mart Supercenter Store #2692	Mount Clemens	189	Underway	8/01	6/03
Super Kmart Tenants: Kmart	on the west side, CBD Wayne Co.	150	Underway	5/01	3/03
Costco Warehouse Tenants: Costco	Shelby	149	Underway	6/01	3/03
Shops at Jefferson Village Tenants: Farmer Jack Grocery Store	CBD Wayne Co.	140	Underway	1/01	6/02
Home Depot Tenants: Home Depot	Five Mile and Beck Rds., Plymouth Wayne Co.	131	Underway	12/00	6/02
Riverbend Plaza III and IV Tenants: Home Depot	CBD Wayne Co.	130	Underway	8/01	12/02
Riverbend Commons Retail Center	Monroe	130	Underway	9/01	6/03
Art Van Furniture Store	Chesterfield	78	Completed	11/01	5/02

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Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Mill River Warehouse/Research/Office Buildings	Lyon Twp	1,482	Planned		
Clark Street Industrial Park (5 Buildings)	Detroit	560	Planned		
Regency Center (Industrial/Office Park) MASTER REPORT	Novi	300	Underway	9/01	6/02
Industrial Complex MASTER REPORT	Auburn Hills Oakland Co.	220	Planned		
Multi Tenant Industrial Warehouse & Manufacturing Bldg	Romulus	200	Planned		
UPS Warehouse and Distribution Facility	Madison Heights	148	Planned		
Paper Plastic Warehouse/ Office	Detroit	100	Planned		
Plymouth Commerce Industrial Park (Master Report)	Plymouth	100	Completed	11/00	9/01
Manufacturing/Warehouse-Office Buildings	Canton	88	Underway	8/01	6/02
Tire Wholesalers Industrial Warehouse Building (Addition)	Troy	44	Planned		

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Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Westin Hotel w/Pool (Fast Track) (Negotiated)	831 Detroit Metro Airport, Romulus	404	Underway	1/01	11/02
Hilton Garden Inn Hotel/Restaurant/Indoor Swimming Pool	311 Gratiot Rd, Detroit	198	Underway	5/01	6/02
Hilton Homewood Suites/Indoor Pool - Negotiated	1495 Equity Dr, Troy	150	Underway	6/01	6/02
Ameri Suites Hotel with Swimming Pool	45400 Park Ave, Utica	124	Underway	3/01	11/01
Extended Stay America	20200 13 Mile Rd, Roseville	110	Underway	5/01	11/01
Extended Stay Hotel	260 Town Center Dr, Dearborn	98	Underway	7/01	3/02
Hawthorn Suites Hotel	7601 Chicago Rd, Warren	97	Underway	10/01	4/02
Comfort Suites Motel (Negotiated)	24977 Northwestern Hwy, Southfield	85	Underway	11/01	11/02
Hawthorn Suites Hotel	25100 Northwestern Hwy, Southfield	83	Underway	11/00	1/02
Sleep Inn Hotel & Suites	1805 John A Papalas Dr, Lincoln Park	81	Underway	1/01	5/02